



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, February 14, 2019

at

8:00 A.M.

At

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

The public is invited.

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

AGENDA

BOARD OF DIRECTORS

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

Regular Meeting
Thursday, February 14, 2019

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

8:30 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

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 4) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
- CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on December 13, 2018 (Fiscal Impact: None) –
APPROVE
- 6) Proposed Agreement with Ceridian HCM, Inc. for Human Resources and Payroll Management Services from March 18, 2019 to March 17, 2022, in an amount not to exceed \$31.00 PEPM (Per Employee Per Month) (Fiscal Impact: \$160,000 annually estimated; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 7) Proposed Amendment Increasing Developer's Fee in Agreement with Gregory Bynum and Associates (Fiscal Impact: \$864,000; Budgeted)
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 8) Proposed Agreement with DST Pharmacy Solutions, Inc., for Pharmacy Claims processing and review from June 1, 2019 to May 31, 2022, in an amount not to exceed an effective rate of \$0.58 per aggregated paid claim cost (Fiscal Impact: \$1,300,000 annually estimated; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

-
- CA-9) Revised 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-10) Proposed New Policy, Use of Kern Health Systems Name and Logo (Fiscal Impact: None) – APPROVE
- CA-11) Report on Kern Health Systems 2018 Department Goals and Objectives (Fiscal Impact: None) – RECEIVE AND FILE
- CA-12) Report on Kern Health Systems Strategic Plan for fourth quarter ending December 31, 2018 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-13) Report on KHS investment portfolio for the fourth quarter ending December 31, 2018 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-14) Report on 2018 annual review of KHS Investment Policy (Fiscal Impact: None) – RECEIVE AND FILE
- 15) Report on Kern Health Systems financial statements for November 2018 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-16) Report on Accounts Payable Vendor Report, Administrative Contracts under \$100,000 budgeted and \$50,000 non-budgeted for November 2018 (Fiscal Impact: None) – RECEIVE AND FILE
- CA-17) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 18) Report on Kern Health Systems 2018 Member Survey (Fiscal Impact: None) – RECEIVE AND FILE
- 19) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance report (Fiscal Impact: None) – RECEIVE AND FILE
- 20) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVE AND FILE
- 21) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVE AND FILE

CA-22) Miscellaneous Documents –
RECEIVE AND FILE

A) Minutes for KHS Finance Committee meeting on December 7, 2018

ADJOURN TO APRIL 11, 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, December 13, 2018

8:00 A.M.

BOARD RECONVENED

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

Directors absent: Stewart

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

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

BOARD ACTION SHOWN IN CAPS

ADJOURN TO CLOSED SESSION

Deats

CLOSED SESSION

- 1) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – SEE RESULTS BELOW
- 2) 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: SEE RESULTS BELOW
 - 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) 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 NOVEMBER 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 JERNICK, LIDGETT, VERDE; DIRECTOR JUDD ABSTAINED FROM VOTING ON BANSAL, BUTLER, MARTINEZ, MEHTA, MENDOZA, PIEPER, POLINENI; DIRECTOR PATEL ABSTAINED FROM VOTING ON BANSAL

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING NOVEMBER 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 MEJIA, NELSON, RAO; DIRECTOR HUDD ABSTAINED FROM VOTING ON KAY, BOWEN, GRANESE, HODGE, KUCHAKULLA, SOFINSKI; WISNOFF, YADIN;

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING DECEMBER 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 DILMORE, DO, HUDSON, KONING, MOSTAFANIA, OLIVER, TAMMELA, TODD; DIRECTOR JUDD ABSTAINED FROM VOTING ON DOTY, HOWARD, PRUNES

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING DECEMBER 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 ROBINSON; DIRECTOR JUDD ABSTAINED FROM VOTING ON BERJIS, CHANDRAMAHANTI, DABANIAN

Item No. 2 concerning a 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 - HEARD; NO REPORTABLE ACTION TAKEN

Item No. 3 concerning a Conference with Legal Counsel-Anticipated Litigation (Number of potential cases unknown) – (Government Code Section 54956.9) – HEARD; NO REPORTABLE ACTION TAKEN

PUBLIC PRESENTATIONS

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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 JUDD ANNOUNCED THAT KERN HEALTH SYSTEMS PRESENTED THE CHECK TO THE KERN MEDICAL BOARD FOR THE VALLEY FEVER INSTITUTE

DIRECTOR DEATS ANNOUNCED THAT IT HAS BEEN A PLEASURE WORKING WITH DIRECTOR JUDD AND THAT HE'S DOING A GREAT JOB AT KERN MEDICAL

- CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on October 11, 2018 (Fiscal Impact: None) –
APPROVED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- 7) Proposed Kern Health Systems Resolution Declaring Real Estate Property As Surplus and Declaring Intent to Sell Surplus Real Property (Fiscal Impact: None) –
ADOPTED RESOLUTION
Hoffmann-Hinojosa: 9 Ayes; 1 Absent – Stewart
- CA-8) Report on Kern Health Systems investment portfolio for the third quarter ending September 30, 2018 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- CA-9) Report on Kern Health Systems 2019 Marketing Plan (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart

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- 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) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- 11) Proposed Kern Health Systems 2019 Operating and Capital Budgets (Fiscal Impact: None) –
APPROVED
McGlew-Deats: 9 Ayes; 1 Absent – Stewart
- 12) Proposed Budget Request for 2019 Project Consulting Professional Services, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$5,321,753; Budgeted) –
APPROVED
Hinojosa-Patel: 9 Ayes; 1 Absent – Stewart
- CA-13) Proposed Information Technology 2019 New Building Purchases, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$1,665,250; Budgeted) –
APPROVED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- NOTE – DIRECTOR JUDD LEFT THE DAIS AT 9:49 A.M., DURING THE DISCUSSION ON ITEM 14 AND DID NOT RETURN
- 14) Report on Kern Health Systems financial statements for September 2018 and October 2018 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Melendez: 8 Ayes; 2 Absent – Judd, Stewart
- 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) –
RECEIVED AND FILED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- CA-16) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- 17) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVED AND FILED
Deats-Patel: 8 Ayes; 2 Absent – Judd, Stewart
- 18) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVED AND FILED
McGlew-Deats: 8 Ayes; 2 Absent – Judd, Stewart

SUMMARY – Board of Directors
Kern Health Systems
Regular Meeting

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12/13/2018

- CA-19) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –
APPROVED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- CA-20) Proposed appointments of members to the Kern Health Systems Pharmacy & Therapeutics
Committee (Fiscal Impact: None) –
APPOINTMENTS MADE
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- CA-21) Miscellaneous Documents –
RECEIVED AND FILED
Patrick-McGlew: 9 Ayes; 1 Absent – Stewart
- A) Minutes for KHS Finance Committee meeting on October 5, 2018

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

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



To: KHS Board of Directors
From: Anita Martin, Director of Human Resources
Date: February 14, 2019
Re: Ceridian Agreement

Background

In April 2015, Kern Health Systems (“KHS”) issued a Request for Proposal (“RFP”) to provide Human Resource and Payroll Services. KHS selected Ceridian as the vendor for these services. KHS has been very satisfied with the services provided by Ceridian.

Discussion

Ceridian is the descendant of the original Control Data Corporation (CDC) founded in 1957, and is a global leader in payroll, HR software and technology. Advances in technology with Ceridian’s innovative Dayforce platform, provides the ability to deliver a “real-time” HR application that is based on a single employee record. The “real-time” cloud based technology eliminated latency issues, and their single point of employee entry has reduced errors that are normally faced as a result of multiple platform entries, and data being synchronized through an interface.

The KHS Contracting Policy allows KHS to exercise a one (1) time contract renewal with an incumbent vendor that was selected as a result of an RFP process. Selecting a different vendor would result in additional costs for implementation, training, and additional FTEs.

Senior Management is recommending a three year agreement with Ceridian for the continuation of their services to provide HR, payroll, tax, benefits, workforce management, talent management and learning and development. Ceridian includes in their basic cost structure additional services that other vendors do not include such as performance management, recruitment and HR dashboards. With increased functionality, efficiencies and effectiveness, Ceridian has been able to tailor their Dayforce platform to our specific needs while being user friendly.

Financial Impact

Ceridian charges a \$31.00 Per Employee Per Month fee for the requested services. An additional \$32,000 is allocated for 200 consulting hours. Estimated cost \$160,000 annually.

Requested Action

Authorize Chief Executive Officer to sign agreement with Ceridian.

Proposed administrative contract over \$100,000, February 14, 2019

1. Operational Agreement with Ceridian.

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Anita Martin, Director of Human Resources

c. Background

In April 2015, Kern Health Systems (“KHS”) issued a Request for Proposal (“RFP”) to provide Human Resource and Payroll Services. KHS selected Ceridian as the vendor for these services.

d. Discussion

KHS is proposing to engage the services of Ceridian to provide our HCM platform. Ceridian delivers Dayforce HCM, a single SaaS (cloud-based) application for HR, payroll, tax, benefits, workforce management, talent management and leave administration. As a descendent of the original Control Data Corporation (CDC) founded in 1957, Ceridian is a global leader of HR software and services operating in the USA, Canada, Europe and Mauritius with 9,500 employees worldwide. Dayforce HCM has delivered a “real-time” HR application based on one employee record eliminating latency issues and has significantly reduced errors created as a result of multiple platform entries such as our current provider.

e. Fiscal Impact

Not to exceed \$31.00 Per Employee Per Month. Additional \$32,000.00 allocated for 200 consulting hours at a \$160 hourly rate. Estimated cost \$160,000 annually.

f. Risk Assessment

Without the continued relationship with Ceridian we risk the increased cost of multiple technology providers to offer KHS Payroll, Benefits, Compensation, Performance Management and a Learning Management System that would more than double or triple our current cost. In addition, multiple platform integrations that are currently an all-in-one platform with Dayforce, would risk integration, interface and multiple entry error issues. These are significant risks to the continuing operations of the HR department.

g. Attachments

An Agreement at a Glance form is attached.

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

This is agreement is pending legal review.



KERN HEALTH SYSTEMS

- Contract
- Purchase

AGREEMENT AT A GLANCE

Department Name: HR Department Head: Anita Martin

Contract Vendor: Ceridian Dayforce

Vendor contact Name & e-mail: Chris Tillery, chris.tillery@ceridian.com

What services will this vendor provide to KHS? Payroll and HRIS services

Description of Contract

Type of Agreement: Professional Services Background: In April 2015, Kern Health Systems ("KHS") issued a Request for Proposal ("RFP") to provide Human Resource and Payroll Services. KHS selected Ceridian as the vendor for these services.

Establish a new agreement

Previous Agreement No. _____ or Amendment No. _____

Amendment

Date Agreement Began _____

Continuation of an Existing Contract

Brief Explanation KHS is proposing to renew the services of Ceridian to provide our HCM platform. Ceridian delivers Dayforce HCM, a single SaaS (cloud-based) application for HR, payroll, tax, benefits, workforce management, talent management and leave administration. As a descendent of the original Control Data Corporation (CDC) founded in 1957, Ceridian is a global leader of HR software and services operating in the USA, Canada, Europe and Mauritius with 9,500 employees worldwide. Dayforce HCM has the ability to deliver a "real-time" HR application based on one employee record which has eliminated our previous latency issues and eliminated errors created as a result of multiple platform entries such as experienced with our previous provider.

Replacement

Addendum

Retroactive Agreement

Reason for delay in approval: _____

Retroactive Date _____

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

Brief vendor selection justification: _____

Sole source – no competitive process can be performed.

Brief reason for sole source: KHS currently holds an ongoing contract with Ceridian for all of our HR technology needs.

Conflict of Interest Form is required for this Contract

HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2019 Administrative Budget NO YES

Budgeted Cost Center 510 GL# 5495

Will this require additional funds? NO YES

Maximum cost of this agreement not to exceed: \$31.00 PEPM

Notes: This contract includes \$32,000.00 allocated for 200 consulting hours at a \$160 hourly rate.

Contract Terms and Conditions

Effective date: 3/18/2019

Termination date: 3/17/2022

Explain extension provisions, termination conditions and required notice: This contract includes a sixty (60) day's prior written notice clause for termination.

Approvals

Contract Owner:

[Signature]
Department Head
1/29/19
Date

Purchasing:

[Signature]
Director of Procurement and Facilities
1/29/19
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller
1/29/19
Date

Recommended by the Executive Committee:

[Signature]
Chief Operating Officer
1/30/19
Date

Compliance Review:

Director of Compliance and Regulatory Affairs
Date

Legal Review:

Legal Counsel
Date

Chief Executive Officer Approval:

[Signature]
Chief Executive Officer
1/30/19
Date

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

KHS Board Chairman

Date



To: KHS Board of Directors

From: Douglas A. Hayward, CEO

Date: February 14, 2019

Re: Modification to Gregory Bynum and Associates Developer Agreement

Background

During the October 2015 KHS Board of Director’s meeting, the board approved to proceed with a contract between KHS and Bynum and Associates to serve as KHS’s project developer whose major responsibilities among other things would include:

- Implementation of a relocation plan to select a site for Kern Health Systems new facility
- Aiding with selection of the architect, general contractor and subcontractors
- Overseeing the architectural design of the new building and grounds
- Overseeing the construction of the new building and grounds

Bynum and Associates continue to work closely with Emily, Leslie and myself apprising us of the buildings progress and engaging our assistance where necessary. Because of their leadership and skill, the project remains on schedule and within budget. Since contracting with Bynum and Associates in 2014, changes occurred within the project that couldn’t be foreseen at the time. These changes would eventually impact Bynum and Associates compensation limit spelled out in their agreement at the time it became effective. Consequently, their “not to exceed” amount will need to be increased. Accordingly, Board approval will be necessary to increase their current compensation limit.

Emily Duran, Director of Provider Relations, in her presentation to the Board, will provide more detail as to the reasons for the increased amount being proposed.

Requested Action

Approve increasing the developer’s contract for Gregory Bynum & Associates from its current limit of \$900,000 to an amount Not to Exceed (NTE) \$1,764,000. Authorize CEO to amend agreement subject to approval as to form by counsel.



KERN HEALTH SYSTEMS

CONSTRUCTION UPDATE DEVELOPER SERVICES REQUEST

FEBRUARY 14, 2019



Kern Family
Health Care
The Friendly Face
of Kern Health Systems

1-800-391-2000

kernfamilyhealthcare.com

1

Construction Update



1-800-391-2000
kernfamilyhealthcare.com

Construction Update

- External framing complete
- Building is almost completely wrapped
- Decorative panels at eyebrow have started
- Stucco is going to be starting soon (**pending rain**)
- Roof is 50% complete
- Sheetrock installation is ongoing
- Windows are in on 50% of exterior of the building
- Window Frames are almost completed in the atrium
- Fire alarm thru 3rd floor

Developer Update & Request

Background

- Kern Health Systems (KHS) established a Relocation Committee in 2014
- Published a Commercial Developer RFP approved BOD May 2015
- Approved Contract for Developer Sept. 2015

Developer Scope of Work

- Attend regular meetings with KHS Relocation Committee.
- Participate in the strategic planning for building acquisition.
- Developer will explore all available land options.
- Prepare formal analysis to refine building specifications needed to accommodate our projected 400+ full time staff
- Negotiate property purchase and construction contract.
- Develop presentations to the KHS Board of Directors on progress and final proposed relocation plan.



1-800-391-2000

kernfamilyhealthcare.com

Developer Scope of Work

- Initiate planning and development of building
- Monitor work of Architect and finalize building floor plan
- Engage in construction company bidding and selection
- Begin Pre-Construction work, plans and timeline
- Oversee the process during course of construction

Change in Course

- Building design changed from rectangular to two towers to accommodate community atrium and possible down sizing
- Added full perimeter fencing for employee/member security
- Added Solar Panels in parking area
- Encountered significant environmental issues that have been remediated
- FTE/Staffing expansion

Change in Course

Description	2014	2016	2019
Membership	175,000	200,000	254,000
Staff FTEs	260-280	320-350	415
Proposed Sq. Ft.	75,000	100,000-120,000	110,000
New Benefits	Transportation, Behavioral Health, Autism, Health Homes, CBAS, Expansion Members		

Board Of Director's Action

Approve to increase the Developer's contract for Gregory Bynum & Associates, from \$900,000 to an amount Not to Exceed (NTE) \$1,764,000.

Authorize CEO to amend agreement subject to approval as to form by counsel.

Sale of Surplus Real Property



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

Sale of Surplus Real Property

Advertisement

1. Newspaper: Bakersfield Californian, Fresno Bee, LA Times
2. Sign at Site
3. Provider Bulletin – All PCPs, Hospitals, Specialist
4. KHS Website
5. Email blast to local schools & banks

Sale of Surplus Real Property

TIMELINE

12/13/18	Board of Directors Adopt Intent to Sell Resolution
12/13/18	Publicize Notice of Intent to Sell
As requested	Walkthrough of Property
2/18/19	Questions Due to KHS by 4 p.m.
2/25/19 @ 1:30 PM	Receive written Offers
2/25/19 @ 2:00 PM	Oral Auction
3/7/19	Board of Directors Accept and Approve Sale (Tentative – depending on schedule availability)
3/8/19	Open Escrow
5/9/19	Closing Date



Questions

For additional information, please contact:

Emily Duran

Director of Provider Relations

(661) 664-5000





To: KHS Board of Directors

From: Bruce Wearda, R.Ph., Director of Pharmacy

Date: February 14, 2019

Re: DST Pharmacy Solutions Agreement

Background

KHS employs the use of a Pharmacy Benefit Manager (PBM) to process outpatient retail pharmacy claims. They provide insight on Maximum Allowable Costs (MAC) for claim adjudication. PBMs provide reporting services to illustrate trends and how the plan compares to the industry. Clinical guidance is provided as well. All of these services are not easily replicated. The cost to perform these services if done in-house, would be much greater than having a PBM perform them. Although PBMs perform numerous other services, we utilize their expertise mainly for the claims processing and reporting capabilities. KHS currently has an ongoing contract with DST for its PBM services.

Discussion

On September, 2018, KHS posted an RFP for the selection of a PBM provider. Four vendors responded to this RFP. Selection process included but was not limited to vendor cost for services, Medi-Cal experience, KHS cost for implementation and deployment, responsiveness to the RFP, Technology capabilities, PBM Flexibility and peer feedback.

After diligent evaluation involving an outside consultant, and multiple internal departments, KHS is recommending to contract with DST Pharmacy Solutions for its PMB services. This recommendation is based on the above mentioned factors.

Financial Impact

DST fee per aggregated effective paid claim cost is \$0.58. Estimated cost is \$1,300,000 annually. Contract term from 6/1/2019 to 5/31/2022.

Requested Action

Authorize Chief Executive Officer to sign agreement with DST Pharmacy Solutions.



KERN HEALTH SYSTEMS

Pharmacy Benefit Management

February 14, 2019

Bruce Wearda, R.Ph.

Agenda

- Background
- RFP Process
- Vendor Selection
- Cost Analysis
- Board Request

Background

- KHS is required to contract with a Pharmacy Benefit Manager (PBM) to process outpatient retail pharmacy claims.
- PBM's added benefits:
 - Provide information on pharmacy cost and pricing arrangements so KHS remains competitive within the industry and among local Managed Care Medicaid plans or similar.
 - Provide reporting services to illustrate trends and how the KHS performance and costs compare to the industry.
 - Provide clinical guidance, "best practices," and other services.
 - Assist KHS in managing the costs and utilization relating to overall expenses associated with pharmacy benefit.
 - Maintain cutting edge PBM practices which would be expensive to replicate if done in-house.

RFP Process

- On September 14, 2018, KHS posted an RFP for the Pharmacy Benefit Management Services.
- KHS received four responses
 - DST
 - Envision RX
 - MedImpact
 - Script Care
- KHS selected two finalists

Vendor Selection Criteria

RFP Section/Category	Weight	Company A	Company B
		Score	Score
General Requirements and Implementation	25%	5	3
Customer Services and Account Management	5%	3	3
Technology/Capabilities	20%	5	3
Financing Arrangements/ Financial and Guarantees	20%	3	4
Network management activity	5%	4	3
PBM Flexibility	5%	5	5
Medicaid	10%	5	4.5
Peer Feedback	10%	5	3
Total Points	100%	4.45	3.45

Cost Analysis

- Per paid claim cost (industry trending)
 - Other services and added functionality adds cost to per paid claim cost

	Annual Cost	Paid Claims	Effective PPC Rate
Company A	\$1,308,200	2,225,270	\$0.58 ¹
Company B	\$1,335,200	2,225,270	\$0.60 ²

- Company B’s cost is about \$80,000 more expensive than Company A when evaluating all aggregated cost for a **period of (3) three years**, including implementation. The aggregate cost per paid claims for Company B equates to \$0.60.
 - Contract will contain language in the event of terminated services due to the Governor’s Executive Order, which may become effective during the term of the contract.
 - ¹ Includes Per Paid Claim rate, DST MAC mgt, reporting, Web Services Authorizations, others.
 - ² Includes Per Paid Claim rate, KHS implementation costs, FTE requirements, others.
- * Above Annual cost does not reflect expected rebate of \$1.1 million annually.



Board Request

Authorize CEO to sign a three (3) year agreement with DST, LLC., for the Pharmacy Benefit Management in an amount not to exceed of \$0.58 Aggregated Per Paid Claim Rate.

Questions

Please contact:

Bruce Wearda
(661) 664-5100
brucew@khs-net.com

Proposed administrative contract over \$100,000, February 14, 2019.

1. Operational Agreement with DST Pharmacy Solutions

a. Recommended Action

Approve; Authorize Chief Executive Officer to Sign

b. Contact

Bruce Wearda, R.Ph.; Director of Pharmacy.

c. Background

DST is contracted with KHS to provide pharmacy analysis, claims and authorization processing, and provider payments for drug benefits.

d. Discussion

On September, 2018 KHS issued an RFP for vendors to provide our Pharmacy Benefit Management (PBM) services. Evaluation of the responses led to the determination to continue services with our current vendor, DST. Key determinants such as price per paid claim, knowledge of KHS, service, enhanced operating and authorization system, and internal costs, resources, and training were identified.

e. Fiscal Impact

Not to exceed an effective rate of \$0.58 per aggregated claim cost. Estimated cost \$1,300,000 annually. Contract term from 6/1/2019 to 5/31/2022.

f. Risk Assessment

Failure to secure a Pharmacy Benefits Manager (PBM) would negatively impact the processing of pharmacy claims. This is a service not able to be duplicated by the plan.

g. Attachments

An Agreement at a Glance form is attached.

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

This contract is pending final approval of Legal Counsel.



KERN HEALTH SYSTEMS

- Contract
- Purchase

AGREEMENT AT A GLANCE

Department Name: Pharmacy Department Head: Bruce Wearda, RPh

Contract Vendor: DST

Vendor contact Name & e-mail: Andrew Kellogg, ARKellogg@dsthealth.com

What services will this vendor provide to KHS? DST will provide claims processing for outpatient/retail prescriptions in accordance to KHS membership, pharmacy network, and formulary. Allow Rx claims to process/pay in NCPDP version D.0. DST also provides market analysis and benchmark reporting of the pharmacy industry. They provide trend analysis and possible cost savings programs to help manage pharmacy spend.

Description of Contract	
Type of Agreement: <u>Professional Services</u>	Background: <u>DST performs outpatient/retail claims processing and review, specifically related to our Rx formulary.</u>
<input checked="" type="checkbox"/> Establish a new agreement	Previous Agreement No. or Amendment No. _____
<input type="checkbox"/> Amendment	Date Agreement Began _____
<input type="checkbox"/> Continuation of an Existing Contract	Brief Explanation: <u>DST will provide claims processing for outpatient/retail prescriptions in accordance to KHS membership, pharmacy network, and formulary. Allow Rx claims to process/pay in NCPDP version D.0. DST also provides market analysis and benchmark reporting of the pharmacy industry. They provide trend analysis and possible cost savings programs to help manage pharmacy spend.</u>
<input type="checkbox"/> Replacement	
<input type="checkbox"/> Addendum	
<input type="checkbox"/> Retroactive Agreement	Reason for delay in approval: _____
Retroactive Date _____	
<input checked="" type="checkbox"/> Summary of Quotes and/or Bids attached. <i>Pursuant to KHS Policy #8.11-1, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.)</i>	
Brief vendor selection justification: <u>An RFP was completed in September 2018. Four vendors submitted their proposals and associated costs. These were reviewed and compared against KHS's needs and against each other. Costs such as training, IT development/programming were considered as well as the quoted costs per month.</u>	
<input type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source: _____	
<input type="checkbox"/> Conflict of Interest Form is required for this Contract	

Form updated 11/28/16

HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2019 Administrative Budget NO YES

Budgeted Cost Center 313 GL# 5640

Will this require additional funds? NO YES

Maximum cost of this agreement not to exceed: \$0.58 per aggregated claim cost

Notes: Fiscal impact estimated \$1,300,000 annually.

Contract Terms and Conditions

Effective date: 6/1/19 Termination date: 5/31/22

Explain extension provisions, termination conditions and required notice: 90 days' written cancelation notice.

Approvals

Contract Owner:

Bruce Wearden RPH
Department Head

4/30/19
Date

Purchasing:

[Signature]
Director of Procurement

1/30/19
Date

Reviewed as to Budget:

[Signature]
Chief Financial Officer or Controller

1/31/19
Date

Recommended by the Executive Committee:

[Signature]
Committee Chairman

1/31/19
Date

Compliance Review:

Chief Compliance Officer

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

Chief Executive Officer

Date

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

KHS Board Chairman



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: February 14th, 2019

Re: Modification to the Surplus Real Property Declaration Adopted 12/13/18.

Background:

At the Board of Directors meeting on December, 13th, 2018, the Board adopted a resolution declaring 9700 Stockdale Hwy as surplus real property. Among other things, the resolution serves to guide management through the steps for public sale of the property. Under the resolution, paragraph 11 and paragraph 12 establishes the time and date for receiving and opening of sealed bids. At the time the resolution was adopted, the time and dates incorporated in the resolution seemed doable. However, it's since proven difficult for potential buyers to complete their requirements in the time allotted. Consequently, it's become necessary to modify paragraph 11 and paragraph 12 to extend the time to where:

- Paragraph 11 reads, “All bids must be submitted to the Agency Office of Kern Health Systems no later than 1:30 p.m. on February 25, 2019 ...“
- Paragraph 12 reads, “In conformity with applicable provisions of the Government Code and with Kern Health Systems Policy for Disposition of Surplus Real Property, the authorized designee of the Board of Directors shall hold an open and public meeting on February 25, 2019 ...”

Requested Action:

Following discussion, adopt the proposed changes to Paragraph's 11 and 12 as indicated above to Kern Health Systems: “Resolution Declaring Real Estate Property as Surplus and Intent to Sell Surplus Real Property” located at: 9700 Stockdale Hwy. Bakersfield, CA 93311 APN# 390-380-194

**RESOLUTION OF THE BOARD OF DIRECTORS
OF KERN HEALTH SYSTEMS
DECLARING REAL PROPERTY AS SURPLUS
AND DECLARING INTENT TO SELL SURPLUS REAL PROPERTY**

WHEREAS, Kern Health Systems (“Agency”) owns the following real property (“Property”), described in more detail in Exhibit “A”;

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

WHEREAS, Agency staff has forwarded to the Board a report recommending the Property be declared as surplus; and

WHEREAS, the Board desires to declare the Property as surplus.

NOW, THEREFORE, the Board of Directors of Kern Health Systems hereby finds, determines, declares and resolves by a 2/3 vote as follows:

1. The Board finds that the following Property is not needed for Agency purposes, and therefore makes this declaration that the Property is surplus:

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

2. The Board hereby declares its intention to offer the Property for sale utilizing the procedures set forth in the Kern Health Systems Policy for Disposition of Surplus Real Property.

Procedures for Offering Property for Sale:

3. The Board hereby authorizes the CEO or his designee to take all steps necessary to solicit bids for the sale of the Property, including but not limited to issuance of a “Public Notice of Intent to Sell Surplus Real Property” in a form substantially similar to that attached as Exhibit B, as well as the issuance of a Request for Offers.

4. The Board authorizes the CEO or his designee to provide all notices required by law.

5. Notice shall be provided in compliance with the publication requirements set forth in applicable provisions of the Government Code and with the Kern Health Systems Policy for Disposition of Surplus Real Property.

6. An appraisal for the subject property was previously prepared by Kern Appraisal Company establishing the fair market value for the property.

7. If applicable, the Board authorizes the CEO or his designee to obtain a finding from the Bakersfield Planning Commission that the proposed sale is consistent with the General Plan.

Terms and Conditions of Request for Bids:

8. The Board authorizes the CEO or his designee to issue a "Request for Offers" to solicit bids for the purchase of the Property.

9. Minimal Sales Prices: The minimal sales price for the Property shall be as follows:

\$ 9,000,000 Nine Million Dollars

10. Commission: The Agency shall pay a licensed real estate broker, if any, a sum not to exceed five (5) percent of the minimum sales price as a commission.

Procedure for Opening and Consideration of Sealed Bids:

11. All bids must be submitted to the Agency Office of Kern Health Systems no later than 1:30 p.m. on February 25, 2019, and accompanied by a bond or cashier's check in the sum of 10% of the proposed purchase price, made payable to "Kern Health Systems." This deposit shall be returned to unsuccessful bidders at the conclusion of the oral bidding session, and shall be used as a deposit, to be applied to the sales price, for the party submitting the highest responsive bid.

12. Opening of Bids: In conformity with applicable provisions of the Government Code and with Kern Health Systems Policy for Disposition of Surplus Real Property, the authorized designee of the Board of Directors shall hold an open and public meeting on February 25, 2019 at which all sealed proposals which have been received shall, in public session, be opened, examined, and declared. Of the proposals submitted which conform to and are responsive to all terms and conditions specified in this Resolution of Intention to Sell and the Request for Offers, which are made by responsible bidders, the proposal which is the highest, after deducting therefrom the commission, if any, to be paid a licensed real estate broker in connection therewith, shall be recommended for acceptance by the Board of Directors, unless a higher oral bid is accepted or the Board rejects all bids.

13. In conformity with applicable provisions of the Government Code and with the Kern Health Systems Policy for Disposition of Surplus Real Property, before accepting any written proposal, the designee of the Board of Directors shall call for oral bids. If, upon the call for oral bidding, any responsible person offers to purchase the property upon the terms and conditions specified in, and responsive to, this Resolution of Intention to Sell and the Request for Offers, for a price exceeding by at least 5 percent, the highest written

proposal, after deducting the commission, if any, to be paid a licensed real estate broker in connection therewith, then the oral bid which is the highest, and which is made by a responsible person, shall be recommended for acceptance by the Board of Directors. Final acceptance shall not be made, however, until the oral bid is reduced to writing and signed by the offeror. Pursuant to applicable provisions of the Government Code and with the Kern Health Systems Policy for Disposition of Surplus Real Property, the Board of Directors may make final acceptance of bids at its next regular meeting. The Board may reject all bids, written or oral, and withdraw the property from sale if it deems such action to be for the best public interest.

14. This Resolution shall take effect immediately upon approval of at least two-thirds of the Board.

15. The Board authorizes the CEO or his designee to give the required public notice of the adoption of this Resolution by posting copies of the signed Resolution in three public places in the Agency's territory for at least fifteen (15) days, and by publishing the notice at least once per week for three successive weeks in a newspaper of general circulation in Kern County, before the meeting in which the bids are opened.

PASSED AND ADOPTED on December 13, 2018 by the Board of Directors of Kern Health Systems by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENCES:

I declare under penalty of perjury that the foregoing resolution was duly passed and adopted on the date and by the vote stated.

Board Secretary
KERN HEALTH SYSTEMS

EXHIBIT A

Property Identification: Professional Office Property
9700 Stockdale Highway
Bakersfield, CA 93311
Census Tract 0028.06
ATN: 390-380-19-001
APN: 390-380-194
Parcel Map 10625 Lot 4

Site Description: 108,900 Square feet (2.50 Acres)_
C-O; Commercial & Professional Office Zone
FEMA Panel No. 060077 2276E Sept. 26, 2008
Flood Zone X

Improvement Description: 46,344 Square Feet Rentable Area
Year Built: 2004
Professional Office Building
Class "A" Construction
Good Quality Construction

EXHIBIT B

KERN HEALTH SYSTEMS BOARD OF DIRECTORS

NOTICE OF INTENTION TO SELL SURPLUS REAL PROPERTY

NOTICE IS HEREBY GIVEN that on December 13, 2018, the Board of Directors of Kern Health Systems in Kern County declared the Agency's intent to declare as surplus and sell as is the property located at 9700 Stockdale Highway, at the corner of Calloway and Stockdale Hwy. in Bakersfield, California, APN 390-380-194, a 2.50 acre parcel, as surplus property.

- The minimum sales price for the subject property is \$9,000,000.
- Sealed proposals for the purchase of the Stockdale Highway property will be received at the KHS Executive Office, 9700 Stockdale Hwy, Bakersfield, CA 93311 no later than February 25, 2019 at 1:30 p.m.
- Security, in the form of a bond or cashier's check, of at least 10% will be required at time of offer; remittance of cash balance will be required by a closing date to be identified at the time of approval by the Board of Directors of the Offer to Purchase.
- Kern Health Systems Board of Directors may reject all bids, written or oral, and withdraw the property from sale if it deems such action to be for the best public interest.
- Following the opening of sealed offers, potential purchasers will have an opportunity to participate in an oral auction, to be conducted by the Agency's designated representative, so long as any price offered in the oral auction is at least 5% higher than the highest written price.
- The oral auction is scheduled for February 25, 2019 at 2:00 p.m. at KHS Executive Office, 9700 Stockdale Hwy, Bakersfield, CA 93311.

For further information, interested persons may contact Emily Duran at 661-664-5035 or at 9700 Stockdale Hwy. Bakersfield, CA 93311.

BY ORDER OF THE BOARD OF DIRECTORS

DATED: December 13, 2018

ATTEST: Kimberly Hoffman, Board Secretary
Kern Health Systems, Bakersfield, California

BY: _____, Board Secretary



To: KHS Board of Directors

From: Douglas A. Hayward, CEO

Date: February 14, 2019

Re: Governing Policy on use of Kern Health Systems and Kern Family Health Cares' Name and Logo.

Background

The Kern Health Systems (KHS) and Kern Family Health Care (KFHC) names carry considerable value, particularly for external entities seeking to associate themselves with our organization. Moreover, the role of KHS as a public agency requires that our names and reputation be preserved and protected, and that activities and organizations associated with the KHS name(s) must be consistent with our mission and purpose. For this reason the Plan has created a new Logo policy to establish guidelines for KHS/KFHC to provide endorsement to external entities.

Enclosed are two attachments:

- A policy summary document titled “Kern Health Systems Name and Logo Use Protocol to share with providers and community partners who request an endorsement from KHS.
- Full copy of the KHS policy (P & P 9.05-I) governing the use of our name and logo.

Requested Action

Recommend approval of the new policy by the Board.



KERN HEALTH SYSTEMS					
POLICY AND PROCEDURES					
SUBJECT: Use of Kern Health Systems Name and Logo				POLICY #: 9.05-I	
DEPARTMENT: Marketing					
Effective Date:	Review/Revised Date:	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD		FINANCE COMMITTEE	

_____ Date _____
 Douglas A. Hayward
 Chief Executive Officer

_____ Date _____
 Chief Operating Officer

_____ Date _____
 Senior Director of Health Services

_____ Date _____
 Director of Provider Relations

_____ Date _____
 Director of Compliance and Regulatory Affairs

_____ Date _____
 Director of Marketing

POLICY:

This policy establishes guidelines for Kern Health Systems/Kern Family Health Care to provide an Endorsement to external entities. Endorsement means (1) Letter of Support (LOS) and (2) allowing the use of Kern Health Systems/Kern Family Health Care names or logos. Herein Kern Health Systems also includes the Kern Family Health Care product name.

- A. The Kern Health Systems (KHS) name carries considerable value, particularly for external entities seeking to associate themselves with the organization. Moreover, the role of KHS as a public agency requires that its name and reputation be preserved and protected, and that activities and organizations associated with the KHS name must be consistent with the mission and purpose of

KHS. Requests for an Endorsement, including LOS and use of the KHS name or logo, shall be approved only if compatible with the mission of KHS and in accordance with this policy.

- B. An external entity may submit a request for an Endorsement, which means a LOS or approval to use a KHS name or logo, if the entity is a community-based, non-profit organization, or health care partner, that serves KHS members or supports the mission of KHS. Entities that discriminate on the basis of age, race, sex, sexual orientation, marital status, disability, or national origin are not eligible for a LOS or to use a KHS name or logo.
- C. Except as provided in this policy, KHS prohibits direct and implied endorsements. The name, logo, or images of KHS may not be used in any statement, advertisement, signage, website, print, or electronic communication or activity to explicitly, or implicitly, endorse any specific commercial product, or service, any religion, any ballot measure/initiative, or any candidate for public office. In addition, the name, logo, or images of KHS may not be used explicitly, or implicitly, to endorse, or create, the appearance of partiality towards any vendor, or particular health care provider.
- D. Requests for a LOS, or use of name or logo shall require the written approval of the Chief Executive Officer (CEO) or designee. The CEO or designee shall consider such requests based on:
 - 1. The potential for the LOS or use of name or logo to create a positive visibility for KHS;
 - 2. Whether the LOS or use of name or logo would promote, or advocate, a co-marketing relationship that complies with the organization’s mission, standards and values.
- E. Use or reproduction of the KHS name or logo by external entities shall be restricted by KHS, in accordance with federal and state trademark rules and regulations.
- F. Requests to utilize the KHS name or logo for any project, document, event, or other purpose shall require the advance written approval of the KHS CEO or designee.
- G. The KHS Marketing Director shall report any LOS or use of the KHS name or logo for any project, document, event, or other purpose, approved by the CEO’s designee, to the KHS CEO, in writing, at the next regularly scheduled CEO meeting after such approval.
- H. KHS employees should refrain from wearing attire containing the KHS logo while participating in non-KHS related activities, such as political fundraisers, in order to avoid the appearance of endorsement by KHS.
- I. Any health care provider that is no longer contracted with KHS shall update its marketing materials to reflect that KHS is no longer a contracted health plan.

DEFINITIONS:

Term	Definition
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Endorsement	Endorsement means either (1) a Letter of Support or (2) KHS’s approval for another entity to use a KHS name or logo in connection with that entity’s project, event, document, program, or initiative. Endorsement does not include any sponsorship, educational activity, purchased service, presentation, attendance at an event, activity that is included in the definition of Marketing Activities, or joint development of an event, seminar, symposium, educational program, public information campaign, or similar event.
Letter of Support (LOS)	A letter supporting a community-based organization or health care partner detailing compelling reasons why the organization or project is credible and of value to the community and conveying the relationship between KHS and the organization, thereby lending credibility to the organization requesting support. LOS does not include a formal partnership agreement or interagency agreement.
Marketing Activities	Any activity conducted by or on behalf of KHS where information regarding the services offered by KHS is disseminated in order to persuade or influence eligible beneficiaries to enroll or to educate members and promote optimal program use and participation. Marketing also includes any similar activity to secure the endorsement of any individual or organization on behalf of KHS.

PROCEDURES:

- A. Requests for Endorsements, including LOS or use of name or logo:
 - 1. A written request shall include the following information, as appropriate:
 - a. The name, background, description of the organization seeking a LOS or use of KHS name or logo and the organization’s contact information. Also include any other entity whose name will appear on the document, project, or event;
 - b. Name of the program or project, and name of the program or project director, or primary contact;
 - c. Description of the project, event, publication, or other purpose for which the KHS name or logo will be used and why;
 - d. Intended audience for the project, event, or publication for which the name or logo will be used;
 - e. Time frame during which the name or logo is requested to be used; and
 - f. The written request shall also include a proof of the name/logo as it will appear.
 - 2. All requests shall be submitted at least thirty (30) days in advance of the date for which the LOS or use of name or logo is requested, or if in a shorter amount of time, at the discretion of the CEO or designee, so long as such request is submitted to the CEO or designee in a reasonable and sufficient amount of time so that KHS can complete a meaningful review and evaluation of the request.

3. The KHS Marketing Department shall notify the organization that requests a LOS or use of name or logo in writing, after KHS determination is made.
4. Any organization shall enter into a written agreement with KHS restricting the use of a KHS name or logo before being permitted to use the name or logo.

REFERENCE:

Revision 2018-12: Policy created to provide guidelines for the proper use of KHS names and logo. Policy reviewed by KHS legal counsel.



Kern Health Systems Name and Logo Use Protocol

The Kern Health Systems (KHS) and Kern Family Health Care (KFHC) names carry considerable value, particularly for external entities seeking to associate themselves with our organization. Moreover, the role of KHS as a public agency requires that our names and reputation be preserved and protected, and that activities and organizations associated with the KHS name(s) must be consistent with our mission and purpose. Thus, requests for an Endorsement, including Letter of Support (LOS) and use of a KHS name or logo, shall be approved by KHS.

An external entity may submit a request for an Endorsement if the entity is a community-based, non-profit organization, or health care partner. Such requests shall require the written approval of the KHS Chief Executive Officer (CEO) or designee. Written requests from external entities shall include the following information, as appropriate:

1. The name, background, description of the organization seeking an LOS or use of a KHS name or logo and the organization's contact information. Also include any other entity whose name will appear on the document, project, or event;
2. Name of the program or project, and name of the program or project director, or primary contact;
3. Description of the project, event, publication, or other purpose for which a KHS name or logo will be used and why;
4. Intended audience for the project, event, or publication for which a name or logo will be used;
5. Time frame during which a name or logo is requested to be used; and
6. A proof of the name/logo as it will appear.

All requests shall be submitted at least thirty (30) days in advance of the date for which the LOS or use of a name or logo is requested, or if in a shorter amount of time, at the discretion of the KHS CEO or designee, so long as such request is submitted to the CEO or designee in a reasonable and sufficient amount of time so that KHS can complete a meaningful review and evaluation of the request.

The KHS Marketing Department will notify the organization that requests a LOS or use of a name or logo in writing after the determination is made. Organizations shall enter into a written agreement with KHS restricting the use of a KHS name or logo before being permitted to use the name or logo. Use or reproduction of the KHS name or logo by external entities shall be restricted by KHS, in accordance with federal and state trademark rules and regulations. Any external entity that is no longer in good standing with KHS shall update its marketing materials and cease the use of a KHS name or logo.

9700 Stockdale Highway, Bakersfield, CA 93311-3617
(661) 664-5000 • Fax (661) 664-5151
www.kernhealthsystems.com

Home of Kern Family Health Care 

Definitions:

- **Endorsement** means either (1) a Letter of Support or (2) KHS's approval for another entity to use a KHS name or logo in connection with that entity's project, event, document, program, or initiative. Endorsement does not include any sponsorship, educational activity, purchased service, presentation, attendance at an event, activity that is included in the definition of Marketing Activities, or joint development of an event, seminar, symposium, educational program, public information campaign, or similar event.
- **Letter of Support (LOS)** is a letter supporting a community-based organization or health care partner detailing compelling reasons why the organization or project is credible and of value to the community and conveying the relationship between KHS and the organization, thereby lending credibility to the organization requesting support. LOS does not include a formal partnership agreement or interagency agreement.
- **Marketing Activity** is any activity conducted by or on behalf of KHS where information regarding the services offered by KHS is disseminated in order to persuade or influence eligible beneficiaries to enroll or to educate members and promote optimal program use and participation. Marketing also includes any similar activity to secure the endorsement of any individual or organization on behalf of KHS.

The Kern Health Systems Name and Logo Use Protocol follows guidelines outlined in Kern Health Systems Policy and Procedure # 9.05-I.



To: KHS Board of Directors
From: Douglas A. Hayward, CEO
Date: February 14, 2019
Re: Update on KHS 2018 Goals and Objectives

Background

At the close of each calendar year Management summarizes the results of the annual departmental goals and objectives. The attached presentation includes the year-end status report on KHS' 2018 Department Goals and Objectives.

As of the end of 2018 staff has completed 92 (87%) of the departmental goals and objectives. Only 1 goal (1%) is marked as not being achieved/achievable. The remaining 13 (12%) in-progress goals have been rolled into 2019 and are scheduled to be completed.

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

Requested Action

Receive and file.



2018 Departmental Goals and Objectives Update

February 14, 2019

1



Background

- Each year department-heads work with executive management to create goals and objectives. These goals are tied to the organization's strategic plan and/or the department's operational performance metrics.
- With 2018 coming to an end, management has prepared a summary status report for the departmental goals and objectives.
- **Green** = Completed on time and desired outcome achieved
- **Yellow** = In progress and desired outcome achievable
- **Red** = Not completed or desired outcome not achieved



2018 Goals and Objectives Summary

- Overall completion rate of 87%. Potentially becomes 99% completion rate when “in-progress” goals are completed.

2018 Goals and Objectives Summary			
Department	Green	Yellow	Red
Member Services	6	0	1
AIS Compliance	10	1	0
Business Development	7	0	0
Claims	7	0	0
Corporate Services	4	0	0
Finance	2	1	0
Case Management	4	1	0
Health Education	8	1	0
Quality Improvement	4	0	0
Utilization Management	5	3	0
Pharmacy	4	2	0
Human Resources	13	1	0
Information Technology	4	1	0
Marketing	10	0	0
Provider Relations	4	2	0
Total	92	13	1
Percentage	87%	12%	1%



Incomplete Items

- **Member Services Dashboard Update** – Updates to the Member Portal tab of the dashboard were not completed due to other department dashboard priorities.
- **Compliance “EC First” Evaluation Monitoring** – Compliance team is still working with internal staff on policy updates.
- **Finance AccPac Upgrade** – An upgrade to the KHS accounting system was reviewed in 2018 and was determined beneficial to postpone until 2019 due to future software release features.
- **Case Management BMH Social Worker** – Originally this goal was attempting to impact ER utilization, but was shifted to inpatient after discussions with hospital staff.
- **Case Management Productivity** – The goal was to leverage the new JIVA system to increase the number of complex members being contacted. JIVA implementation delays resulted in only partial completion.
- **Health Ed School Wellness Program Expansion** – Expansion of grants to 5 new schools was rolled into 2019.
- **Utilization Management JIVA Implementation** – Implementation for certain portions of the project will carry into 2019.
- **Utilization Management/Provider Relations Alternative Payment Pilot** – APM pilot program contract and configuration will carry into Q1 2019.
- **Utilization Management Authorizations** – Delay in JIVA implementation of “Place of Service” authorization feature will push this into 2019.
- **Pharmacy Authorizations** – Goal was to receive 85% of Rx authorizations online. Some large chain pharmacies have been slow to adopt.
- **Pharmacy Department Dashboard** – Dashboards have been identified and developed. Final approval will carry into 2019.
- **HR Quarterly Employee Town Hall** – Internal leadership agreed to postpone these into 2019.
- **IT Information Security** – Some policies being finalized in 2019.
- **Provider Relations “Final Rule” implementation** – Goal was to complete annual DHCS Network Certification and Screen/Enroll our network per new DHCS guidelines. All completed except a handful of providers are still in the screening process.



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: February 14, 2019

Re: Update on KHS Strategic Plan

Background

At the close of each quarter Management updates the Board on KHS' Strategic Plan progress. With the conclusion of Q4 2018 of the 2018-2020 Strategic Plan, staff has included a presentation showing the current status. KHS is currently on target for items that were targeted for completion in the 4th quarter 2018.

In the presentation, items highlighted in green indicate an item is on track, items in gray have been completed and items in white have not started.

Requested Action

Receive and file.



Q4 2018 Strategic Plan Update

February 14, 2019

Background

- In November 2017 a Board and Executive strategy meeting was held to begin shaping the 2018-2020 KHS strategic plan. This was followed by an internal work effort to further define key initiatives, action items, and projects directly supporting the newly defined Strategic Plan. In February 2018 the KHS Board of Directors approved the 2018-2020 Strategic Plan.
- With Q4 2018 coming to an end, management has prepared a status update on the key initiatives currently in progress within the Strategic Plan.
- **Green** = On Track, **White** = Not Started, **Gray** = Completed, **Yellow** = Behind Schedule, **Red** = Incomplete/Canceled



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Align Compensation and Network Configuration to improve service quality and value in the health care delivery system				
Look to ways to compensate providers through value based purchasing using cost –effective, quality driven Alternative Reimbursement Arrangements.				Emily Duran
Define clinical activities where Value Based Purchasing applies	1/1/2018	3/31/2018	100.00%	
Establish priority list of clinical services and treatment modalities for Alternative Reimbursement Arrangement consideration.	1/1/2018	3/31/2018	100.00%	
Custom design payment strategies unique to specific care delivery systems	4/1/2018	3/31/2019	85.00%	
Determine desired outcome(s) for each	4/1/2018	12/31/2018	100.00%	
Determine impact to KHS internal operations for 2018 priorities	4/1/2018	3/31/2019	85.00%	
Develop provider specific proposals for 2018 priorities	1/1/2018	3/31/2019	75.00%	
For 2018 priorities Initiate provider contract revisions to change or enhance compensation arrangements	4/1/2018	3/31/2019	75.00%	
For 2018 priorities, begin monitoring to determine if targeted outcomes are achieved	1/1/2019	3/31/2019	10.00%	
Determine impact to KHS internal operations for 2019 priorities	1/1/2019	5/31/2019	10.00%	
Develop provider specific proposals for 2019 priorities	1/1/2019	6/30/2019	10.00%	
For 2019 priorities Initiate provider contract revisions to change or enhance compensation arrangements	1/1/2019	6/30/2019	10.00%	
For 2019 priorities, begin monitoring to determine if targeted outcomes are achieved	1/1/2019	10/31/2019	10.00%	
Focus on internal departmental restructuring, fostering partnership, and utilization of new technologies.				Deborah Murr
Reorganize UM, DM, CM Depts. to more effectively implement the Triple Aim Concept	1/1/2018	3/31/2018	100.00%	
Revise the Prior Authorization list to ensure appropriate care for treatment requested	1/1/2018	3/31/2018	100.00%	
Augment referral network using telehealth alternatives	1/1/2018	5/31/2018	100.00%	
Identify vendor platforms for Medical Necessity Determination	1/1/2018	6/30/2018	100.00%	
Incorporate risk stratification methodology to identify future risk populations for early intervention to prevent or stabilize medical condition(s) and reduce cost through early intervention.	1/1/2018	7/31/2018	100.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Develop a provider network configuration strategy designed to achieve optimum health care system performance around the Triple Aim of “Right Care, Right Time, and Right Setting”.				Emily Duran
Review network configuration to address Physical, Behavioral Health and Social Determinants impacting members’ health.	1/1/2018	11/30/2018	100.00%	
Adjust network configuration for changing population need and/or medical complexity	4/1/2018	11/30/2018	100.00%	
Using evidence based medicine as the standard, identify network gaps or limitations preventing Triple Aim achievement.	4/1/2018	12/31/2018	100.00%	
Develop delivery system model to address needs at all levels using existing provider network, County Mental Health, County Human Services and Community Based Organizations where necessary	4/1/2018	12/31/2018	100.00%	
Develop clinical algorithms for Provider education to promote consistent management of member condition	4/1/2018	12/31/2018	100.00%	
Establish provider compensation arrangements to support structure and performance goals, monitor expected outcomes	4/1/2018	10/31/2018	100.00%	
Ensure systems in place to communicate and coordinate patient care across the physical and mental health divide.	4/1/2018	10/31/2018	100.00%	
Determine internal and external (Provider) operational needs to support concept	4/1/2018	10/31/2018	100.00%	
Determine internal and external capital requirements where necessary to support concept	4/1/2018	10/31/2018	100.00%	
Implementation	4/1/2018	10/31/2018	100.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Prepare for New Benefits / Programs /Coverage Populations/ Regulations				
Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies				Jeremy McGuire
Determine the impact (depth ,scope, and duration) of changes to benefits or population coverage categories, or monitoring/reporting requirements (Mega Regs) on KHS and provider network	1/1/2018	12/31/2020	60.00%	Jeremy McGuire
BHT Expansion	1/1/2018	7/31/2018	100.00%	Deborah Murr
Diabetes Prevention Program	1/1/2018	12/31/2018	100.00%	Deborah Murr
Establish a project plan for instituting new benefits, coverage expansion, or tracking and reporting requirements	1/1/2018	12/31/2020	70.00%	Jeremy McGuire
Palliative Care	1/1/2018	3/31/2018	100.00%	Deborah Murr
Health Homes	1/1/2018	12/31/2019	75.00%	Julie Worthing
Diabetes Prevention Program	11/1/2018	4/26/2019	90.00%	Martha Tasinga
Determine the impact of Managed Care Final Rule (MCFR) to KHS, its policy, procedures, protocols and tracking and reporting functions.	1/1/2018	12/31/2020	40.00%	Jeremy McGuire
Establish a project plan for adopting MCFR requirements instituting new benefits, coverage expansion, or tracking and reporting requirements	1/1/2018	12/31/2020	60.00%	Jeremy McGuire
Hospital Directed Payments	7/30/2018	8/2/2019	60.00%	Jeremy McGuire
COBA	1/1/2018	2/28/2019	95.00%	Jeremy McGuire
Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations.	1/1/2018	12/31/2020	30.00%	Carl Breining



Goal 3 – Increase Member Engagement in their Health Care

Task Name	Start Date	Due Date	% Complete	Assigned To
Increase Member Engagement in their Health Care				
Identify ways to engage members more in their health care through education, navigation, coordination, promotion and access to services designed to address their specific needs.				Alan Avery
Based on member’s medical need, establish what programs and measures members can take to improve health outcomes.	1/1/2018	6/29/2018	100.00%	Martha Tasinga Deborah Murr
Gather information to determine ways to engage members more in maintaining health.	1/1/2018	3/29/2019	100.00%	Martha Tasinga
Develop a member engagement program with a goal to improve access to care in ways that will improve health status.	9/3/2018	6/28/2019	100.00%	Martha Tasinga Deborah Murr
Develop performance standards, data tracking system and reporting structure for the member engagement program.	3/1/2019	6/28/2019	0.00%	Richard Pruitt Martha Tasinga
In collaboration with providers, identify ways to reduce appointment no shows, sharing health information, establishing member accountability, emphasizing prevention and compliance	6/1/2018	12/31/2018	100.00%	Emily Duran
Leverage technology to enhance communication and improve service (administrative and clinical) to members	1/1/2018	6/28/2019	75.00%	Louie Iturriria Martha Tasinga
Explore ways to report health metrics to members to begin tracking health outcomes	9/3/2018	6/28/2019	50.00%	Deborah Murr
Survey membership to gauge satisfaction with member engagement program	1/1/2018	6/28/2019	100.00%	
SPH Analytics conducts annual Provider and Member Satisfaction Survey	1/1/2018	9/30/2018	100.00%	Emily Duran
Conduct Member focused surveys to members who participate in Complex Case Management, Health Homes, Disease Management and Member Portal Users	1/1/2018	12/28/2018	100.00%	Deborah Murr Julie Worthing



Goal 4 – Assure Kern Health Systems’ Long Term Viability

Task Name	Start Date	Due Date	% Complete	Assigned To
Assure Kern Health Systems Long Term Viability				
Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies.				Robert Landis
Annually develop an operating budget enabling KHS to achieve its annual goals	6/1/2018	12/13/2018	100.00%	Robert Landis
Annually develop capital budget to support new programs, member growth and benefits	8/1/2018	10/12/2018	100.00%	Robert Landis
Determine Capital Budget And Estimated Depreciation Expense	8/31/2018	9/28/2018	100.00%	
Prepare 2019 Capital Budget	8/31/2018	10/12/2018	100.00%	
Executive Review And Discussion - Executives to Review Capital Budget	10/1/2018	10/12/2018	100.00%	
Draft Capital Presented To Finance Committee	10/15/2018	11/9/2018	100.00%	
Final Capital Presented To Finance Committee - December 7th Meeting	11/2/2018	12/7/2018	100.00%	
Final Capital Presented To KHS Board For Approval - December 13th Meeting	12/7/2018	12/13/2018	100.00%	
Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth	1/1/2018	12/31/2018	100.00%	Robert Landis
Maintain an on-going dialogue with DHCS over reimbursement for any current or proposed, programs, benefits, aid categories or services KHS is required to provide by the State or Federal governments.	1/1/2018	12/31/2018	100.00%	Robert Landis
Relocate KHS offices to its new facility which is convenient to members and able to house all functions in one location.				Emily Duran
Issue Notice to Proceed with Phase II to S.C. Anderson	1/1/2018	1/31/2018	100.00%	
Obtain Grading Permits	1/1/2018	2/28/2018	100.00%	
Complete Phase III – Notice Inviting Bids	5/30/2018	1/31/2019	100.00%	
Novate all Contracts to S.C. Anderson	6/1/2017	1/31/2019	100.00%	
Commence Construction	12/1/2017	2/2/2018	100.00%	
Obtain appropriate property / earthquake insurance	1/1/2018	9/30/2018	100.00%	
Monitoring of Owner Controlled Insurance Program	1/1/2018	12/31/2018	100.00%	
Monitor On-Going Construction	1/1/2018	12/31/2018	100.00%	
Monitor Construction Budget	1/1/2018	12/31/2018	100.00%	
Compliance Oversight GC	1/1/2018	12/31/2018	100.00%	
Coordinate Move	9/30/2018	6/30/2019	20.00%	
Occupancy	7/1/2019	8/31/2019	0.00%	



Goal 4 – Assure Kern Health Systems’ Long Term Viability

Task Name	Start Date	Due Date	% Complete	Assigned To
Assure Kern Health Systems Long Term Viability				
Continue to consider opportunities to expand KHS business suitable to the mission and business model.				Jeremy McGuire
Monitor key regulatory areas of MC Waiver, SUDS, APM/CP3 FQHC payment reform and CCI	1/1/2018	12/31/2020	33.00%	Jeremy McGuire
Monitor Medi-Cal marketplace trends e.g. Continuation of the two-plan model, entrance of new commercial managed care plans and public plan option in the ACA	1/1/2018	12/31/2020	33.00%	Jeremy McGuire
Continue expanding HHP model to additional qualified contracted provider’s sites sufficient to meet the requirements as determined by DHCS.	1/1/2018	7/1/2020	75.00%	Jeremy McGuire Julie Worthing
Continue participation in implementation of Whole Person Care	1/1/2018	2/28/2018	100.00%	Emily Duran
Monitor internal capacity and regulatory landscape for initiating: CCI (Duals),MH Expansion (S and P population),SUD, LTC and IHSS	1/1/2018	12/31/2020	33.00%	Jeremy McGuire
Consider future Medicare SNP expansion	1/1/2020	6/30/2020	0.00%	Jeremy McGuire
Ensure achievement of the annual Medical Loss Ratio as determined in KHS’s annual operating budget				
Review utilization and cost trends by aid category and medical service category over the past 12 months. Internal Reallocation of resources to address inefficiency or duplication of services in the Provider Network.	1/1/2018	12/31/2020	25.00%	
Review applicable changes in treatment modalities or best practices impacting respective medical service categories.	1/1/2018	12/31/2020	25.00%	
Identify potential medical service areas for impact and determine intervention strategies(s) required to achieve desired results	1/1/2018	12/31/2020	25.00%	
Develop reporting and monitoring system	1/1/2018	12/31/2020	25.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale.				
Continue to maximize utility of the new UM, CM, DM and QI operating system to integrate medical management responsibilities using a single platform (JIVA).				Deborah Murr
Refine JIVA Phase 1 application components to meet production and performance requirements: UM Workflows, Ops Systems Platform Integration, Data Reporting and Analytics Config, JIVA Training	1/1/2018	3/31/2018	100.00%	
Implement JIVA Phase 2 components: CM/DM/HE/ Appeals, MCG Point of Service (POS), JIVA / QNXT interphase	1/1/2018	7/1/2019	75.00%	
Implement JIVA Phase 3 to integrate HHP and QI Programs	1/1/2018	7/1/2019	50.00%	
Include prospects in annual project planning	1/1/2018	12/31/2020	25.00%	
Develop project budgets along with ROI and/or cost-benefit analysis	1/1/2018	12/31/2020	25.00%	
Continuously monitor and control for operational effectiveness	1/1/2018	12/31/2020	25.00%	
Increase data sharing between and among providers and KHS to reduce health care cost and/or enhance the patient care experience				Richard Pruitt
Identify opportunities for sharing information (e.g. Health Homes Program, telehealth, EDI)	1/1/2018	12/31/2019	75.00%	
Educate applicable providers about the importance of data sharing to reduce health care costs and/or enhance the patient care experience.	1/1/2018	12/31/2019	75.00%	
Develop approaches that KHS can implement with its provider network to achieve a level of data sharing	1/1/2018	12/31/2019	75.00%	
Analyze and evaluate products or methods for effectiveness and compatibility with the health plan and provider community	1/1/2018	12/31/2019	75.00%	
Complete a cost benefit analysis of the data sharing program	1/1/2018	12/31/2018	100.00%	
Present to Board of Directors	1/1/2018	12/31/2018	100.00%	
Create plan for implementation	1/1/2018	12/31/2018	100.00%	
Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR).				Richard Pruitt
Identify and analyze efficiencies and improvement opportunities	1/1/2018	12/31/2018	100.00%	
Perform cost analysis of efficiencies or improvement opportunity	1/1/2018	12/31/2018	100.00%	
Establish projects into annual project and budget planning	1/1/2018	12/31/2018	100.00%	
Align these initiatives with annual departmental goals and objectives	1/1/2018	12/31/2018	100.00%	
Continuously monitor and control for operational effectiveness	1/1/2018	12/31/2018	100.00%	
Create and execute project plans	1/1/2018	12/31/2018	100.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels				Richard Pruitt
Create a KHS Business Intelligence Department with clearly defined roles and responsibilities.				Richard Pruitt
Identify personnel from departments that are capable of contributing to BI initiatives	1/1/2018	3/30/2018	100.00%	
Collaborate with management to migrate new BI personnel and transition to BI.	1/1/2018	3/30/2018	100.00%	
Create a dedicated cost center and budget that is cost neutral.	1/1/2018	4/30/2018	100.00%	
Establish employee job descriptions, standards, roles and responsibilities, expectations.	1/1/2018	3/30/2018	100.00%	
Centralize resources in a geographical location to locally manage.	1/1/2018	3/30/2018	100.00%	
Define employee work models and productivity metrics.	1/1/2018	3/30/2018	100.00%	
Develop Business Intelligence Department processes and procedures to create an effective and efficient team that will support KHS.				Richard Pruitt
Create a business analytic intake process that IDs needs, problems, actions, outcomes.	1/1/2018	3/31/2018	100.00%	
Establish new data analytics procedure that optimizes full potential outcome and benefits.	1/1/2018	6/30/2018	100.00%	
Create process analytics procedure that can identify areas of opportunity for process improvement or continuous improvement.	1/1/2018	6/30/2018	100.00%	
Implement corporate KPI Census reporting process that communicates the measure and performance of established KPIs	1/1/2018	6/30/2019	60.00%	
Establish Audit/QA process to ensure that the department produces quality work products.	1/1/2018	6/30/2019	90.00%	
Establish regular monitoring of department processes/KPI/Data Governance to identify anomalies, unacceptable variance, or issues.	1/1/2018	6/30/2019	90.00%	
Provide business visibility of services contributed by BI efforts	1/1/2018	6/30/2019	90.00%	
Manage Inventory Process	1/1/2018	6/30/2019	90.00%	
Create Policies to support the new Business Intelligence processes and procedures.	1/1/2018	6/30/2019	5.00%	
Provide centralized standard operational reporting and analytics for the company.				Richard Pruitt
Provide Dept.'s data analysis and routine or adhoc reporting support.	1/1/2018	12/31/2020	25.00%	



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

Task Name	Start Date	Due Date	% Complete	Assigned To
Develop business intelligence unit devoted to support metrics driven performance and management at all organizational levels				Richard Pruitt
Provide Depts. with tools and training to perform routine data analysis and reporting				Richard Pruitt
Empowering Depts. with the ability to perform self-service reporting capabilities and basic analytics for routine or simple analysis	1/1/2018	12/31/2020	0.00%	
Create quality control protocol to monitor dept reports for consistency and accuracy	1/1/2018	3/31/2020	0.00%	
Evaluate Depts. data and information requirements	1/1/2018	12/31/2018	100.00%	
Continue to develop and refine a metrics-driven performance culture within the organizations administrative and medical disciplines to enhance operations.				Richard Pruitt
"Analyze and establish metric oriented baselines for measurement: Finance ,Health Services, Physician Peer Profiles, HHP, Pharmacy, KHS/Statewide (DHCS) Benchmarks	1/1/2018	6/30/2019	50.00%	
Create presentation model(s) to ensure transparent and fluid communication	1/1/2018	6/30/2019	50.00%	
Continuously monitor and affirm metrics and performance for effectiveness	1/1/2018	6/30/2019	50.00%	
Provide support for the annual Corporate Project Portfolio through Business Intelligence	1/1/2018	12/31/2018	100.00%	Jeremy McGuire
Verify and Validate Return on Investment (ROI) Project Calculation prior to Execution	1/1/2018	12/31/2018	100.00%	
Identify and create 2018 Project metrics	1/1/2018	12/31/2018	100.00%	
Measure Factors that are critical to the success of each Project	1/1/2018	12/31/2018	100.00%	





To: KHS Board of Directors
From: Robert Landis, CFO
Date: February 14, 2019
Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

Funds held in this time frame are typically utilized to pay providers, meet operating expenses and fund capital projects. Additionally, extra liquidity is maintained in the event the State is late with its monthly capitation payment.

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and file.

**Kern Health Systems
Investment Portfolio
December 31, 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. 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) \$ 1,800,000	0.78%	100%	0.65%	1 Day	None
Morgan Stanley Money Market	(A)	(1) \$ 29,000,000	12.55%	20%	2.23%	1 Day	None
Local Agency Investment Fund (LAIF)	(B)	(2) \$ 59,900,000	25.93%	50%	2.32%	2 Days	None
US T-Bills at Wells Fargo		(1) \$ 60,000,000	25.97%	100%	1.95%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	(1) \$ 6,000,000	2.60%		1.63%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 156,700,000	67.84%		2.12%		

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)	\$ 72,300,000	31.30%		2.77%	3 Days	Subject to Interest Rate and Credit Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 2,000,000	0.87%		2.67%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total		\$ 74,300,000	32.16%		2.77%		
Total Portfolio		\$ 231,000,000	100.00%		2.33%		

Yield Curve

<u>Yield Curve</u>	<u>Treasuries</u>	<u>A</u>		
		<u>AA Corporate Bonds</u>	<u>Corporate Bonds</u>	<u>CD's</u>
1 year	2.50%	2.68%	2.85%	2.60%
2 year	2.39%	2.81%	2.92%	2.85%
3 year	2.35%	2.88%	3.05%	3.10%
5 year	3.37%	3.03%	3.14%	3.40%

- (A) \$20 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 \$83 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 are primarily utilized to fund various Grant Programs and 2019 capital projects, which includes building a new office building.



UBS Client Review

as of December 31, 2018

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

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

Prepared for

Kern Health Systems
EXECUTIVE REVIEW

Accounts included in this review

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

What's inside

Executive summary	2
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Additional information about your portfolio	14
Important information about this report	15



Executive summary

as of December 31, 2018

Asset allocation review

	Value on 12/31/2018 (\$)	% of portfolio
A Cash	135,300.65	0.19
Cash	135,300.65	0.19
B Fixed Income	72,177,431.80	99.81
US	72,177,431.80	99.81
C Equity	0.00	0.00
D Commodities	0.00	0.00
E Non-Traditional	0.00	0.00
F Other	0.00	0.00
Total Portfolio	\$72,312,732.45	100%



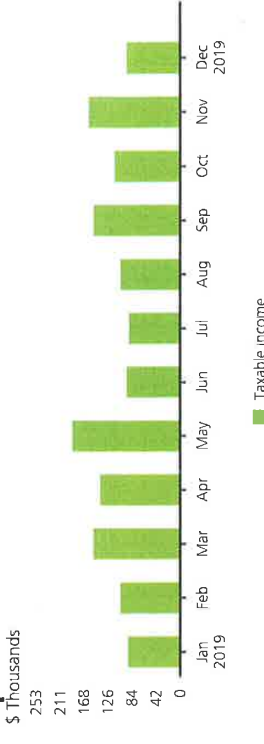
Balanced mutual funds represented in multiple asset classes based on Morningstar allocations

Equity sector analysis

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

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

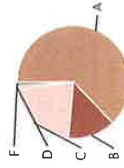
Expected cash flow



Total taxable income: \$1,521,516.34
Total expected cash flow: \$1,521,516.34
 Cash flows displayed account for known events such as maturities and mandatory puts

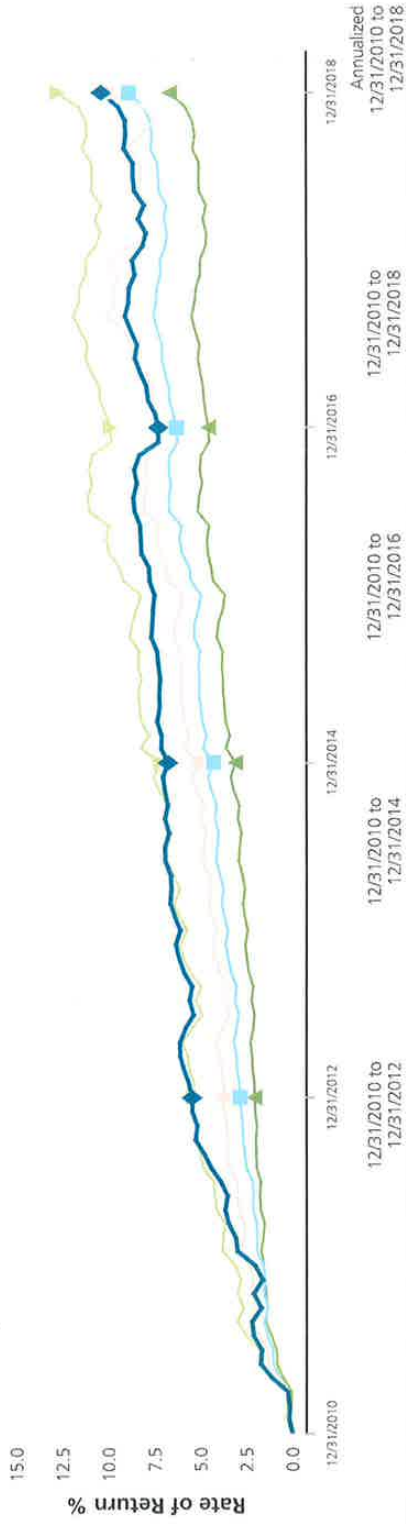
Credit quality of bond holdings

Effective credit rating	Issues	Value on 12/31/2018 (\$)	% of port.
A Aaa/AAA/AAA	20	45,409,755.49	62.94
B Aa/AA/AA	7	9,809,896.17	13.58
C A/A/A	14	15,380,834.79	21.30
D Baa/BBB/BBB	2	861,290.07	1.19
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	4	715,655.28	0.99
G Not rated	0	0.00	0.00
Total	47	\$72,177,431.80	100%



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 Risk profile Conservative
 Return Objective Current Income

UBS
Cumulative performance
 as of December 31, 2018



Benchmarks - Time-weighted returns

◆ Net Time-weighted ROR	5.50	6.82	7.36	10.51	1.26
■ Barclays Agg Bond+	3.75	5.16	7.27	10.13	1.21
■ Barclays Govt/Credit 1-3Y	2.88	4.33	6.36	8.98	1.08
▲ Barclays Govt/Credit 1-5Y	5.44	7.25	9.99	12.92	1.53
▲ Barclays US Gov 1-3Y	2.08	3.12	4.60	6.73	0.82

+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: January 23, 2019



Bond summary

as of December 31, 2018

Bond overview

Total quantity	72,682,000
Total market value	\$71,805,826.84
Total accrued interest	\$371,604.96
Total market value plus accrued interest	\$72,177,431.80
Total estimated annual bond interest	\$1,575,845.50
Average coupon	2.19%
Average current yield	2.19%
Average yield to maturity	2.78%
Average yield to worst	2.77%
Average modified duration	1.93
Average effective maturity	2.13

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Investment type allocation

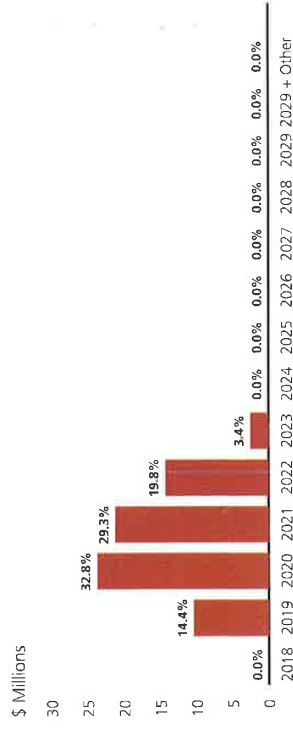
Investment type	Taxable (\$)	Tax-exempt/ deferred (\$)	Total (\$)	% of bond port.
Certificates of deposit	715,655.28	0.00	715,655.28	0.99
Municipals	5,358,895.33	0.00	5,358,895.33	7.42
U.S. corporates	20,693,125.69	0.00	20,693,125.69	28.67
U.S. federal agencies	44,934,828.94	0.00	44,934,828.94	62.26
U.S. treasuries	474,926.55	0.00	474,926.55	0.66
Total	\$72,177,431.79	\$0.00	\$72,177,431.79	100%

Credit quality of bond holdings

Effective credit rating	Issues	Value on 12/31/2018 (\$)	% of port.
A Aaa/AAA/AAA	20	45,409,755.49	62.94
B Aa/A/AA	7	9,809,896.17	13.58
C A/A/A	14	15,380,834.79	21.30
D Baa/BBB/BBB	2	861,290.07	1.19
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	4	715,655.28	0.99
G Not rated	0	0.00	0.00
Total	47	\$72,177,431.80	100%



Bond maturity schedule



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

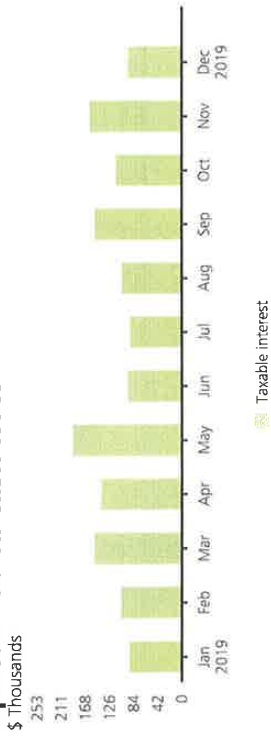
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 Report created on: January 23, 2019



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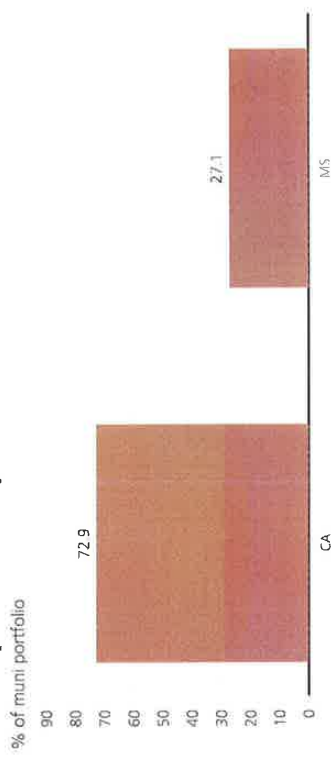
Bond summary - as of December 31, 2018 (continued)

Expected bond cash flow



Total taxable income: \$1,521,516.34
Total expected bond cash flow: \$1,521,516.34
 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 December 31, 2018

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 Return Objective: Current Income

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2018	0	0			NA	NA	NA				
2019	9	10,364,000	210,487.50	2.03%	2.66%	2.66%	0.39	10,397,564.6	-39,916.72	10,403,638.45	1.44%
2020	15	23,809,000	555,457.50	2.35%	2.86%	2.83%	1.30	23,832,897.04	-213,841.04	23,718,535.06	32.89%
2021	14	21,520,000	410,878.00	1.95%	2.74%	2.74%	2.33	21,565,952.99	-466,250.49	21,216,929.11	29.38%
2022	8	14,489,000	335,272.50	2.35%	2.81%	2.81%	3.21	14,483,472.8	-239,452.34	14,323,887.51	19.84%
2023	1	2,500,000	63,750.00	2.56%	2.70%	2.70%	3.77	2,489,625	-4,225.00	2,514,441.67	3.46%
2024	0	0			NA	NA	NA				
2025	0	0			NA	NA	NA				
2026	0	0			NA	NA	NA				
2027	0	0			NA	NA	NA				
2028	0	0			NA	NA	NA				
2029	0	0			NA	NA	NA				
2030	0	0			NA	NA	NA				
2031	0	0			NA	NA	NA				
2032	0	0			NA	NA	NA				
2033	0	0			NA	NA	NA				
2034	0	0			NA	NA	NA				
2035	0	0			NA	NA	NA				
2036	0	0			NA	NA	NA				
2037	0	0			NA	NA	NA				
2038	0	0			NA	NA	NA				
2039	0	0			NA	NA	NA				
2040	0	0			NA	NA	NA				
2041	0	0			NA	NA	NA				
2042	0	0			NA	NA	NA				
2043	0	0			NA	NA	NA				
2044	0	0			NA	NA	NA				
2045	0	0			NA	NA	NA				
2046	0	0			NA	NA	NA				
2047	0	0			NA	NA	NA				
2047 +	0	0			NA	NA	NA				
Other	0	0			NA	NA	NA				
Total	47	72,682,000	\$1,575,845.50	2.19%	2.78%	2.77%	1.93	\$72,765,512.43	\$-963,685.59	\$72,177,431.80	

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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Bond holdings - as of December 31, 2018 (continued)

Details of bond holdings

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Total Bond Portfolio		72,682,000	2.19%	02/18/2021	NA	\$1,575,845.50	1.93	\$72,769,512.4	NA	\$71,805,826.84	100%
						2.19%	\$-963,685.59			\$371,604.96	
										\$72,177,431.80	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2019											
FNMA NTS 01.375 % DUE 01/28/19	Aaa/AAA/AA+	150,000	1.38%	01/28/2019		2,062.50	0.07	149,647.50	99.921	149,881.50	0.21%
DTD 010816 FC 01282016	NR/NR/NR					1.38%	2.42%	234.00		876.56	
CUSIP: 3135G0H63											
Initial Purchase Date: 10/30/2018											
Original Maturity: 01/28/2019											
FFCB BOND 01.030 % DUE 04/05/19	Aaa/AAA/AA+	5,000,000	1.03%	04/05/2019		51,500.00	0.25	4,996,250.00	99.636	4,981,800.00	6.94%
DTD 070516 FC 10052016	NR/NR/NR					1.03%	2.43%	-14,450.00		12,302.78	
CUSIP: 3133EGJW6											
Initial Purchase Date: 06/29/2016											
Original Maturity: 04/05/2019											
CALIFORNIA ST TAX BE/R/	Aa3/AA-/AA-	2,500,000	2.25%	05/01/2019		56,250.00	0.33	2,502,386.81	99.829	2,495,725.00	3.48%
2.250 050119 DTD 050114 /CA	Aa3/AA-/NR					2.25%	2.76%	-6,661.81		9,375.00	
CUSIP: 13063CKL3											
Initial Purchase Date: 05/20/2014											
Original Maturity: 05/01/2019											
FNMA NTS 01.125 % DUE 07/26/19	Aaa/AAA/AA+	594,000	1.13%	07/26/2019	01/26/2019	6,682.50	0.55	593,109.00	99.152	588,962.88	0.82%
DTD 072616 FC 01262017	NR/NR/NR				100.00	1.13%	2.63%	-4,146.12		2,877.19	
CUSIP: 3135G0M59											
Initial Purchase Date: 08/02/2016											
Original Maturity: 07/26/2019											
MORGAN STANLEY 05.625 %	A3/A/BBB+	750,000	5.63%	09/23/2019		42,187.50	0.70	766,557.11	101.480	761,100.00	1.06%
092319 DTD092309 FC032310	NR/NR/NR					5.54%	3.54%	-5,457.11		11,484.38	
M/W+ 35BP											
CUSIP: 61747YCJ2											
Initial Purchase Date: 08/28/2015											
Original Maturity: 09/23/2019											
CALIFORNIA ST TAX BE/R/	Aa3/AA-/AA-	400,000	6.20%	10/01/2019		24,800.00	0.72	412,453.89	102.505	410,020.00	0.57%
6.200 100119 DTD 101509 /CA	Aa3/AA-/NR					6.05%	2.79%	-2,433.89		6,200.00	
CUSIP: 13063A7G3											
Initial Purchase Date: 12/30/2015											
Original Maturity: 10/01/2019											

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Bond holdings - as of December 31, 2018 (continued)

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.	
												YTM (%)
Maturing 2019												
FHLMC MED TERM NTS 00.00000%												
DUE 100119	485,000		10/01/2019			2.82%	0.73	477,314.60	97.923	474,926.55	0.66%	
CUSIP: 3128X2SW6						2.82%		-2,388.05		0.00		
Initial Purchase Date: 06/03/2015												
UNTD TECHNOLOGIES CORP												
08.875% 111519 DTD11389	250,000	8.88%	11/15/2019		22,187.50	3.34%	0.83	266,087.24	104.716	261,790.00	0.36%	
FC051590 DEB					8.48%	3.34%		-4,297.24		2,835.07		
CUSIP: 913017ARO												
Initial Purchase Date: 09/08/2016												
DISCOVER BK GREENW DE US RT												
02.05000% MAT 12/30/19 FIXED	235,000	2.05%	12/30/2019		4,817.50	2.73%	0.97	233,758.45	99.337	233,441.95	0.33%	
RATE CD /DE					2.06%	2.73%		-316.50		39.60		
CUSIP: 254673JH8												
Initial Purchase Date: 11/21/2018												
Original Maturity: 12/30/2019												
Total 2019	10,364,000	2.15%	05/27/2019		\$210,487.50	2.66%	0.39	\$10,397,564.6		\$10,357,647.88	14.42%	
					2.03%	2.66%		\$-39,916.72		\$45,990.57		

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.	
												YTM (%)
Maturing 2020												
GOLDMAN SACHS BANK NY US RT												
02.00000% MAT 02/04/20 FIXED	100,000	2.00%	02/04/2020		2,000.00	2.76%	1.06	99,161.77	99.185	99,185.00	0.14%	
RATE CD /NY					2.02%	2.76%		23.23		816.44		
CUSIP: 38148JKC4												
Initial Purchase Date: 09/14/2018												
BANK OF AMERICA NA NC US RT												
02.45000% MAT 02/18/20 FIXED	240,000	2.45%	02/18/2020		5,880.00	2.77%	1.10	239,664.00	99.642	239,140.80	0.33%	
RATE CD /NC					2.46%	2.77%		-523.20		2,223.12		
CUSIP: 06051VB54												
Initial Purchase Date: 09/14/2018												
MORGAN STANLEY BK UT US RT												
02.50000% MAT 02/24/20 FIXED	140,000	2.50%	02/24/2020		3,500.00	2.78%	1.11	139,790.00	99.687	139,561.80	0.19%	
RATE CD /UT					2.51%	2.78%		-228.20		1,246.58		
CUSIP: 61747M5F4												
Initial Purchase Date: 09/14/2018												
Original Maturity: 02/24/2020												

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Bond holdings - as of December 31, 2018 (continued)

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	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. gr/ (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2020											
FNMA NTS 01.500 % DUE 03/23/20	Aaa/AAA/Aa+	1,750,000	1.50%	03/23/2020	03/23/2019	26,250.00	1.20	1,748,250.00	98.769	1,728,457.50	2.41%
DTD 032316 FC 09232016	NR/NR/NR				100.00	1.52%		-19,792.50		7,145.83	
CUSIP: 3136G3CC7											
Initial Purchase Date: 03/01/2016											
Original Maturity: 03/23/2020											
BK OF AMER CORP NTS B/E	A3/A+/A-	750,000	2.25%	04/21/2020		16,875.00	1.26	739,950.00	98.931	741,982.50	1.03%
02.250% 042120 DTD042115	NR/NR/NR					2.27%		2,032.50		3,281.25	
FC102115											
CUSIP: 06051GFN4											
Initial Purchase Date: 11/16/2018											
Original Maturity: 04/21/2020											
NBC UNIVERSAL MEDIA LLC	A3/A+/A-	2,000,000	5.15%	04/30/2020		103,000.00	1.27	2,095,443.43	102.662	2,053,240.00	2.86%
05.150% 043020 DTD043011	NR/NR/NR					5.02%		-42,203.43		17,166.67	
CALL@MVW+258P											
CUSIP: 63946BAD2											
Initial Purchase Date: 09/08/2016											
Original Maturity: 04/30/2020											
QUALCOMM INC NTS B/E 02.250%	A2/NR/A-	2,879,000	2.25%	05/20/2020		64,777.50	1.34	2,884,762.76	98.610	2,838,981.90	3.95%
052020 DTD052015 FC112015	NR/NR/NR					2.28%		-45,780.86		7,377.44	
CUSIP: 747525AD5											
Initial Purchase Date: 02/22/2017											
Original Maturity: 05/20/2020											
AMERICAN EXPRESS CRD 02.375%	A2/A+/A-	900,000	2.38%	05/26/2020	04/25/2020	21,375.00	1.36	889,414.07	98.951	890,559.00	1.24%
052620 DTD052615 FC112615	NR/NR/NR				100.00	2.40%		1,144.93		2,078.13	
CORP NTS											
CUSIP: 0258M0DT3											
Initial Purchase Date: 08/03/2018											
Original Maturity: 05/26/2020											
CITIBANK NA NTS B/E 02.100%	A1/A+/A+	550,000	2.10%	06/12/2020	05/12/2020	11,550.00	1.40	539,005.50	98.345	540,897.50	0.75%
061220 DTD061217 FC121217	NR/NR/NR				100.00	2.14%		1,892.00		609.58	
CUSIP: 17325FAE8											
Initial Purchase Date: 07/17/2018											
Original Maturity: 06/12/2020											
FHLMC MED TERM NTS 01.500 %	Aaa/AAA/Aaa+	3,500,000	1.50%	06/29/2020	03/29/2019	52,500.00	1.46	3,500,000.00	98.444	3,445,540.00	4.80%
DUE 062920 DTD 062916 FC	NR/NR/NR				100.00	1.52%		-54,460.00		291.67	
12292016											
CUSIP: 3134G9LQ8											
Initial Purchase Date: 06/03/2016											
Original Maturity: 06/29/2020											
INTEL CORP NTS B/E 02.450%	A1/A+/A+	1,750,000	2.45%	07/29/2020		42,875.00	1.52	1,734,110.00	99.599	1,742,982.50	2.43%
072920 DTD072915 FC012916	NR/NR/NR					2.46%		8,872.50		18,102.78	
CALL@MVW+158P											
CUSIP: 458140AQ3											
Initial Purchase Date: 10/29/2018											
Original Maturity: 07/29/2020											

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Bond holdings - as of December 31, 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.
Maturing 2020												
FNMA NTS 01.350 % DUE 08/24/20	Aaa/AAA/AA+	3,500,000	1.35%	08/24/2020	07/24/2019	47,250.00	2.54%	1.60	3,498,250.00	98.087	3,433,045.00	4.78%
DTD 082416 FC 02242017	NR/NR/AR				100.00	1.38%	2.54%		-65,205.00		16,668.75	
CUSIP: 313663W92 Initial Purchase Date: 08/02/2016												
J.P. MORGAN CHASE & CO	AZ/AA-/A-	1,000,000	2.55%	10/29/2020	09/29/2020	25,500.00	3.18%	1.76	994,430.00	98.888	988,880.00	1.38%
02.550% 102920 DTD102915	NR/NR/AR				100.00	2.58%	3.18%		-5,550.00		4,391.67	
FC042916 NTS B/E CUSIP: 46625HXX4 Initial Purchase Date: 11/04/2015												
FHLB BOND 03.050 % DUE 11/02/20	Aaa/NR/AA+	3,250,000	3.05%	11/02/2020	05/02/2019	99,125.00	3.00%	0.33	3,250,450.51	100.089	3,252,892.50	4.53%
DTD 103018 FC 05022019	NR/NR/AR				100.00	3.05%	2.77%		2,441.99		16,520.83	
CUSIP: 31304FB71 Initial Purchase Date: 10/30/2018												
VISA INC NTS B/E 02.200% 12/14/20	A1/NR/AA-	1,500,000	2.20%	12/14/2020	11/14/2020	33,000.00	2.77%	1.89	1,480,215.00	98.914	1,483,710.00	2.07%
DTD121415 FC061416	NR/NR/AR				100.00	2.22%	2.77%		3,495.00		1,558.33	
CALL@MW+10BP CUSIP: 92826CAB8 Initial Purchase Date: 04/05/2018												
Original Maturity: 12/14/2020												
Total 2020		23,809,000	2.35%	07/19/2020		\$555,457.50	2.86%	1.30	\$23,832,897.0		\$23,619,056.00	32.89%
						2.35%	2.83%		\$-213,841.04		\$99,479.06	

	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.
Maturing 2021												
EI DU PONT DE NEMOURS	A3/A-	400,000	3.63%	01/15/2021		14,500.00	3.05%	1.92	412,990.40	101.137	404,548.00	0.56%
03.625% 011521 DTD092310	NR/NR/AR					3.58%	3.05%		-8,442.40		6,686.11	
CALL@MW+15BP B/E CUSIP: 263534CB3 Initial Purchase Date: 06/03/2016												
ANHEUSER BUSCH INBEV FIN	Baa1/BBB/A-	600,000	2.65%	02/01/2021	01/01/2021	15,900.00	3.48%	1.98	591,840.00	98.340	590,040.00	0.82%
02.650% 020121 DTD012516	NR/NR/AR				100.00	2.69%	3.48%		-1,800.00		6,625.00	
FC080116 CALL@MW+20BP CUSIP: 035242AJ5 Initial Purchase Date: 05/16/2018												
Original Maturity: 02/01/2021												

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: January 23, 2019



Bond holdings - as of December 31, 2018 (continued)

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

	Effective rating/ Underlying rating (Moody/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$) Curr. yield (%)	YTM (%) / Modified YTW (%) / duration	Adjusted cost basis (\$) Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2021											
FFCB BOND 01.470 % DUE 02/17/21	Aaa/Aaa/AA+	4,500,000	1.47%	02/17/2021		66,150.00	2.06	4,496,625.00	97.757	4,399,065.00	6.13%
DTD 081716 FC 02172017	NR/NR/NR					1.50%		-97,560.00		24,622.50	
CUSIP: 3133EGRN7											
Initial Purchase Date: 08/12/2016											
Original Maturity: 02/17/2021											
FHLMC MED TERM NTS 01.500 %	Aaa/Aaa/AA+	3,525,000	1.50%	03/30/2021	03/30/2019	52,875.00	2.18	3,524,118.75	97.696	3,443,784.00	4.80%
DUE 033021 DTD 093016 FC	NR/NR/NR				100.00	1.54%		-80,334.75		13,218.75	
03302017											
CUSIP: 3134GAE00											
Initial Purchase Date: 09/08/2016											
Original Maturity: 03/30/2021											
E I DU PONT DE NEMOURS	A3/A/A-	250,000	4.25%	04/01/2021		10,625.00	2.11	263,150.13	102.874	257,185.00	0.36%
04.250% 040121 DTD032511	NR/NR/NR					4.13%		-5,965.13		2,656.25	
CALL@MW+15BP											
CUSIP: 263534CE7											
Initial Purchase Date: 09/08/2016											
Original Maturity: 04/01/2021											
GENL DYNAMICS CORP NTS	A2/A/D/A+	1,000,000	3.00%	05/11/2021		30,000.00	2.25	994,790.00	100.081	1,000,810.00	1.39%
03.000% 051121 DTD051118	NR/NR/NR					3.00%		6,020.00		4,166.67	
FC111118 CALL@MW+10BP											
CUSIP: 369550BE7											
Initial Purchase Date: 10/30/2018											
Original Maturity: 05/11/2021											
BURLINGTON NTHN SANTA FE	A3/NR/A+	1,000,000	4.10%	06/01/2021	03/01/2021	41,000.00	2.04	1,038,749.11	102.618	1,026,180.00	1.43%
04.100% 060121 DTD051911	NR/NR/NR				100.00	4.00%		-12,569.11		3,416.67	
CALL@MW+15BP CORP NTS											
CUSIP: 121891AD3											
Initial Purchase Date: 02/22/2017											
Original Maturity: 06/01/2021											
FNMA NTS 01.530 % DUE 072821	Aaa/Aaa/AA+	3,750,000	1.53%	07/28/2021	01/28/2019	57,375.00	2.48	3,750,000.00	96.754	3,628,275.00	5.05%
DTD 072816 FC 01282017	NR/NR/NR				100.00	1.58%		-121,725.00		24,384.38	
CUSIP: 3136G3S97											
Initial Purchase Date: 08/02/2016											
Original Maturity: 07/28/2021											
FHLB NTS 01.550 % DUE 090121	Aaa/NR/AA+	500,000	1.55%	09/01/2021		7,750.00	2.57	499,375.00	97.436	487,180.00	0.68%
DTD 090116 FC 03012017	NR/NR/NR					1.59%		-12,195.00		2,583.33	
CUSIP: 3130A9B19											
Initial Purchase Date: 09/08/2016											
Original Maturity: 09/01/2021											
LOS ANG CAL TAX SR A	Aa2/NR/NR	1,000,000	2.15%	09/01/2021		21,500.00	2.55	994,250.00	98.530	985,300.00	1.37%
2.150 090121 DTD 122116 /CA	Aa2/NR/NR					2.18%		-8,950.00		7,166.67	
CUSIP: 544351KQ1											
Initial Purchase Date: 12/23/2016											
Original Maturity: 09/01/2021											

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: January 23, 2019



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

Bond holdings - as of December 31, 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.
Maturing 2021												
CISCO SYSTEMS INC B/E 01.850%	A1/NR/AA-	1,000,000	1.85%	09/20/2021	08/20/2021	18,500.00	2.91%	2.61	993,660.00	97,236	972,360.00	1.35%
092021 DTD092016 FC032017	NR/NR/NR				100.00	1.90%	2.91%		-21,300.00		5,190.28	
CALL@MMW+10BP												
CUSIP: 17275RB10												
Initial Purchase Date: 09/15/2017												
Original Maturity: 09/20/2021												
FHLB BOND 01.520 % DUE 092321	Aaa/NR/AA+	2,290,000	1.52%	09/23/2021		34,808.00	2.74%	2.63	2,289,150.00	96,823	2,217,246.70	3.09%
DTD 092316 FC 03232017	NR/NR/NR					1,57%	2.74%		-71,903.30		9,475.51	
CUSIP: 3130A9FBZ												
Initial Purchase Date: 09/27/2016												
Original Maturity: 09/23/2021												
FHLB BOND 01.600 % DUE 092721	Aaa/NR/AA+	255,000	1.60%	09/27/2021		4,080.00	2.56%	2.64	255,000.00	97,486	248,589.30	0.35%
DTD 092716 FC 03272017	NR/NR/NR					1.64%	2.56%		-6,410.70		1,065.33	
CUSIP: 3130A9JZ5												
Initial Purchase Date: 09/27/2016												
Original Maturity: 09/27/2021												
MISSISSIPPI ST TAX SR G	Aa2/AA/AA	1,450,000	2.47%	11/01/2021		35,815.00	2.75%	2.70	1,462,254.60	99,251	1,439,139.50	2.00%
BE/R/ 2.470 110121 DTD 120815	Aa2/AA/NR					2.49%	2.75%		-23,115.10		5,969.17	
/MS												
CUSIP: 605581GN1												
Initial Purchase Date: 02/22/2017												
Original Maturity: 11/01/2021												
Total 2021		21,520,000	1.92%	06/07/2021		\$410,878.00	2.74%	2.33	\$21,565,952.9		\$21,099,702.50	29.38%
						1.95%	2.74%		\$-466,250.49		\$117,226.61	

	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.
Maturing 2022												
APPLE INC NTS B/E 02.500%	Aa1/NR/AA+	2,000,000	2.50%	02/09/2022	01/09/2022	50,000.00	3.04%	2.93	2,003,702.75	98,423	1,968,460.00	2.74%
020922 DTD020917 FC080917	NR/NR/NR				100.00	2.54%	3.04%		-35,242.75		19,722.22	
CALL@MMW+10BP												
CUSIP: 037833CM0												
Initial Purchase Date: 02/22/2017												
Original Maturity: 02/09/2022												
FFCB BOND 02.730 % DUE 021422	Aaa/AA/AAA+	900,000	2.73%	02/14/2022	02/14/2019	24,570.00	2.73%	0.11	898,200.00	99,998	899,982.00	1.25%
DTD 021418 FC 08142018	NR/NR/NR				100.00	2.73%	2.72%		1,782.00		9,350.25	
CUSIP: 3133EJCG2												
Initial Purchase Date: 02/23/2018												
Original Maturity: 02/14/2022												
PEPSICO INC NTS B/E 02.250%	A1/A/A+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	3.07%	3.17	1,087,301.16	97,414	1,060,838.46	1.48%
050222 DTD050217 FC110217	NR/NR/NR				100.00	2.31%	3.07%		-26,462.70		4,015.69	
CALL@MMW+10BP												
CUSIP: 713448DT2												
Initial Purchase Date: 05/16/2017												
Original Maturity: 05/02/2022												

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 Report created on: January 23, 2019



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

Bond holdings - as of December 31, 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 YTW (%) duration	Adjusted cost basis (\$) Unreal. gr/ (\$)	Market price (\$)	Mkt. value (\$) Accr. interest (\$)	% of bond port.
Maturing 2022											
QUALCOMM INC NTS B/E 03.000%	A2/NR/A-	1,000,000	3.00%	05/20/2022		30,000.00 3.05%	3.17 3.51%	1,020,368.89 -36,568.89	98.380	983,800.00 3,416.67	1.37%
052022 DT052015 FC 112015	NR/NR/NR										
CALL@MMW+15BP											
CUSIP: 747525AE3											
Initial Purchase Date: 09/15/2017											
Original Maturity: 05/20/2022											
FHLB NTS 02.000 % DUE 090122	Aaa/NR/AAA+	3,000,000	2.00%	09/01/2022		60,000.00 2.05%	3.48 2.67%	2,988,750.00 -58,350.00	97.680	2,930,400.00 20,000.00	4.08%
DTD 090117 FC 03012018	NR/NR/NR										
CUSIP: 3130ACD84											
Initial Purchase Date: 09/26/2017											
Original Maturity: 09/01/2022											
FCFB BOND 02.100 % DUE 092622	Aaa/AA/AAA+	2,000,000	2.10%	09/26/2022		42,000.00 2.14%	3.54 2.61%	1,999,000.00 -34,880.00	98.206	1,964,120.00 11,083.33	2.74%
DTD 092617 FC 03262018	NR/NR/NR										
CUSIP: 3133EHZ4											
Initial Purchase Date: 09/26/2017											
Original Maturity: 09/26/2022											
FCFB BOND 02.160 % DUE 101122	Aaa/AA/AAA+	2,500,000	2.16%	10/11/2022		54,000.00 2.20%	3.58 2.64%	2,495,150.00 -37,850.00	98.292	2,457,300.00 12,000.00	3.42%
DTD 101117 FC 04112018	NR/NR/NR										
CUSIP: 3133EHE58											
Initial Purchase Date: 10/17/2017											
Original Maturity: 10/11/2022											
FHLB BOND 02.510 % DUE 122922	Aaa/NR/AAA+	2,000,000	2.51%	12/29/2022	03/29/2019	50,200.00 2.54%	3.77 2.79%	1,991,000.00 -11,880.00	98.956	1,979,120.00 278.89	2.76%
DTD 122917 FC 06292018	NR/NR/NR				100.00						
CUSIP: 3130AD6W7											
Initial Purchase Date: 01/26/2018											
Original Maturity: 12/29/2022											
Total 2022		14,489,000	2.32%	08/02/2022		\$335,272.50 2.35%	3.21 2.81%	\$14,483,472.8 \$-239,452.34		\$14,244,020.46 \$79,867.05	19.84%
Maturing 2023											
FCFB BOND 02.550 % DUE 011723	Aaa/AA/AAA+	2,500,000	2.55%	01/17/2023	01/17/2019	63,750.00 2.56%	3.77 2.70%	2,489,625.00 -4,225.00	99.416	2,485,400.00 29,041.67	3.46%
DTD 011718 FC 07172018	NR/NR/NR				100.00						
CUSIP: 3133EH7C1											
Initial Purchase Date: 01/26/2018											
Original Maturity: 01/17/2023											
Total 2023		2,500,000	2.55%	01/17/2023		\$63,750.00 2.56%	3.77 2.70%	\$2,489,625.00 \$-4,225.00		\$2,485,400.00 \$29,041.67	3.46%
Total Bond Portfolio											
		17,000,000	2.43%			\$399,022.50 2.33%	3.49 2.77%	\$16,973,097.8 \$-243,677.34		\$16,729,420.46 \$55,669.72	19.84%

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: January 23, 2019



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

Additional information about your portfolio

as of December 31, 2018

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

	Performance Start date	Start date to	ITD
Account EB 02120	12/08/2008	12/31/2018	2.54%

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 these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your accounts records.

Performance: This report presents 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 07/26/2018, the performance calculation used the account's end of day value on the performance inception listed in the report under the column "TD" and all cash flows were posted at end of day. As a result of the change, the overall rate of return (TWR) and beginning market value displayed can vary from prior generated reports. 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 returns on a portfolio.

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

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

Net of Fees and Gross of Fees Performance: Performance is presented on a "net of fees" and "gross of fees" basis, where indicated. Net returns do not reflect program and wrap fees prior to 10/31/10 for accounts that are billed separately via invoice through a separate account billing arrangement. Gross returns do not reflect the deduction of fees, commissions or other charges. The payment of actual fees and expenses will reduce a client's return. The compound effect of such fees and expenses should be considered when reviewing returns. For example, the net effect of the deduction of fees on annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance. It should also be noted that where gross returns are compared to an index, the index performance also does not reflect any transaction costs, which would lower the performance results. Market index data may be subject to review and revision.

Benchmark/Major Indices: The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. Although most portfolios use indices as benchmarks, portfolios are actively managed and generally are not restricted to investing only in securities in the index. As a result, your portfolio holdings and performance may vary substantially from the index. Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. Indices are not actively managed and investors

cannot invest directly in the indices. Market index data may be subject to review and revision. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

Benchmark 1 - For Advisory accounts, 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 account 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 programs/fees (including wrap fees), and other fees.

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

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

This 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 account 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 UITs.

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

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

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

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

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

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue to hold the securities for the periods for which cash flows are projected. The attached may or may not include principal payoffs for the securities listed. These potential cash flows are subject to change due to a variety of reasons, including but not limited to,

contractual provisions, changes in corporate policies, changes in the value of the underlying securities and interest rate fluctuations. The effect of a call on any security's and is not reflected in this report. Payments that occur in the same month in which the report is generated -- but prior to the report run ("as of") date -- are not reflected in this report. In determining the potential cash flows, UBS FS relies on information obtained from third party services; it believes to be reliable. UBS FS does not independently verify or guarantee the accuracy or validity of any information provided by third parties. Although UBS FS generally updates this information as it is received, the Firm does not provide any assurances that the information listed is accurate as of the Record Date. Cash flows for mortgage-backed, asset-backed, factored, and other pass-through securities are based on the assumptions that the current face amount, principal pay-down, interest payment and payment frequency remain constant. Calculations may include principal payments, are intended to be an estimate of future projected interest cash flows and do not in any way guarantee accuracy.

Expected Cash Flow reporting for Puerto Rico Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes, only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers. Neither UBS FS nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Bond sensitivity analysis: This analysis uses Modified Duration which approximates the percentage price change of a security for a given change in yield. The higher the modified duration of a security, the higher its risk. For callable securities, modified duration does not 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 "00" 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 name(s) 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

Filtered by: Entry Date 10/01/2018-12/31/2018, Call/Redemption

Your Financial Advisor:
THE COHEN GROUP
Phone: 651-653-3100/800-428-8022

Entry Date/Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
11/15/18	CALL REDEMPTION	MERRILL LYNCH GLOBAL NTS 06.875% 111518 DTD112498	7539Y0	-750,000.00	REDEMPTION	750,000.00
10/29/18	CALL REDEMPTION	ABBOTT LABS NTS B/E 02.000% 031520 DTD031015	6576U6	-1,000,000.00	REDEMPTION	1,000,000.00
10/26/18	CALL REDEMPTION	FHLB NTS 01.050 % DUE 102618 DTD 072616	F06RX9	-5,000,000.00	REDEMPTION	5,000,000.00

Filtered by: Entry Date 10/01/2018-12/31/2018, Bought

Entry Date/Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
11/21/18	BOUGHT	DISCOVER BK GREENW DE US RT 02.0500% MAT 12/30/19	ZBGEV-N46615	235,000.00	\$99.472	-235,751.44
11/16/18	BOUGHT	BK OF AMER CORP NTS B/E 02.250% 042120 DTD042115	658QB1	750,000.00	\$98.660	-741,309.38
10/30/18	BOUGHT	FHLB BOND 03.050 % DUE 110220	FC0E60	3,250,000.00	\$100.015	-3,250,487.50
10/30/18	BOUGHT	FNMA NTS 01.375 % DUE 012819	F04DJ1	150,000.00	\$99.765	-150,180.31
10/30/18	BOUGHT	GENL DYNAMICS CORP NTS 03.000% 051121 DTD051118	753HG4	1,000,000.00	\$99.479	-1,008,956.67
10/29/18	BOUGHT	INTEL CORP NTS B/E 02.450% 072920 DTD072915	7385K2	1,750,000.00	\$99.092	-1,745,066.94

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.

The information is based upon the market value of your account(s) as of the close of business on **January 22, 2019**, 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 Securities, LLC
 707 WILSHIRE BOULEVARD
 LOS ANGELES CA 90017
 JONATHAN CHUANG
 1-213-614-2206

**Combined Summary
 Brokerage Account and Bank Account**

**Statement Period
 12/01/2018 - 12/31/2018**

KERN HEALTH SYSTEMS **Account Number**
 9700 STOCKDALE HWY **1AB84780**

Total Account Value Summary - US Dollar (USD)

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	32,282,894.68	29,029,365.33	30%
Bonds	43,986,974.11	67,934,130.31	70%
Stocks	0.00	0.00	0%
Total Account Value	\$ 76,269,868.79	\$ 96,963,495.64	100%
Value Change Since Last Statement Period		\$ 20,693,626.85	
Percent Increase Since Last Statement Period		27%	
Value Last Year-End		\$ 106,942,632.68	
Percent Decrease Since Last Year-End		9%	

***Includes amortized Par value of municipal leases and notes.

Total Income Summary USD

	This Period	Year-To-Date
Interest	\$ 33,472.04	\$ 1,233,645.64
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	58,958.11	494,706.57
Other	0.00	0.00
Income Total	\$ 92,430.15	\$ 1,728,352.21

Total Interest Charged USD

Description	This Period
Debit Interest For December 2018	0.00
Total Interest Charged	\$ 0.00

Total Money Market Mutual Funds Summary USD

Description	Amount
Opening Balance	\$ 32,282,894.68
Deposits and Other Additions	81,128,845.87
Distributions and Other Subtractions	(84,441,333.33)
Dividends Reinvested	58,958.11
Change in Value	0.00
Closing Balance	\$ 29,029,365.33

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Summary



Wells Fargo Securities, LLC
 707 WILSHIRE BOULEVARD
 LOS ANGELES CA 90017

JONATHAN CHUANG
 1-213-614-2206

Brokerage Account Statement
Wells Fargo Securities, LLC

Statement Period
12/01/2018 - 12/31/2018

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	0.00	0.00	0%
Bonds	0.00	0.00	0%
Stocks	0.00	0.00	0%
Total Account Value	\$ 0.00	\$ 0.00	0%
Value Change Since Last Statement Period		\$ 0.00	
Percent Increase Since Last Statement Period			N/A
Value Last Year-End		\$ 0.00	
Percent Increase Since Last Year-End			N/A

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 0.00	\$ 0.00
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	0.00	0.00
Other	0.00	0.00
Income Total	\$ 0.00	\$ 0.00

Interest Charged USD

Description	This Period
Debit Interest For December 2018	0.00
Total Interest Charged	\$ 0.00

Money Market Mutual Funds Summary USD

Description	Amount
Opening Balance	\$ 0.00
Deposits and Other Additions	0.00
Distributions and Other Subtractions	0.00
Dividends Reinvested	0.00
Change in Value	0.00
Closing Balance	\$ 0.00

Important Information

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

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

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

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

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

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

Free Credit Balances: Any customer free credit balances may be used in the business of WFS subject to limitation of 17 CFR Section 240.615c(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.

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 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
wscustomerservice@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

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
12/11/18	12/12/18	Purchase	912796UG2	UNITED STATES TREASURY BILL	20,000,000.00	99.8716670	(19,974,333.33)	0.00	(19,974,333.33)
12/12/18	12/12/18	Purchase	912796UH0	UNITED STATES TREASURY BILL	20,000,000.00	99.8350000	(19,967,000.00)	0.00	(19,967,000.00)

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
12/12/18	12/12/18	Cash Wire Journal Entry	SAFEKEEPING ADJ		19,967,000.00
12/12/18	12/12/18	Journal	AUTO SK SETTLEMENT		19,974,333.33
12/12/18	12/12/18	Security Deliver	UNITED STATES TREASURY BILL		0.00
12/12/18	12/12/18	Security Deliver	UNITED STATES TREASURY BILL		0.00

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Brokerage



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
12/01/2018 - 12/31/2018

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	32,282,894.68	29,029,365.33	30%
Bonds	43,986,974.11	67,934,130.31	70%
Stocks	0.00	0.00	0%
Total Account Value	\$ 76,269,868.79	\$ 96,963,495.64	100%
Value Change Since Last Statement Period		\$ 20,693,626.85	
Percent Increase Since Last Statement Period			27%
Value Last Year-End		\$ 106,942,632.68	
Percent Decrease Since Last Year-End			9%

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 33,472.04	\$ 1,233,645.64
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	58,958.11	494,706.57
Other	0.00	0.00
Income Total	\$ 92,430.15	\$ 1,728,352.21

Interest Charged USD

Description	This Period
Debit Interest For December 2018	0.00
Total Interest Charged	\$ 0.00

Money Market Mutual Funds Summary USD

Description	Amount
Opening Balance	\$ 32,282,894.68
Deposits and Other Additions	81,128,845.87
Distributions and Other Subtractions	(84,441,333.33)
Dividends Reinvested	58,958.11
Change in Value	0.00
Closing Balance	\$ 29,029,365.33

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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 or by calling SIPC at 1-202-371-6300.

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

Free Credit Balances: Any customer free credit balances may be used in the business of WFS subject to limitation of 17 CFR Section 240 § 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.

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 N8305-05F
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.

Statement Ending: December 31, 2018

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
912796UG2	UNITED STATES TREASURY BILL	01/02/19	0.000%	20,000,000.000	100.0000	20,000,000.00		
912796UH0	UNITED STATES TREASURY BILL	01/08/19	0.000%	20,000,000.000	99.9625	19,992,508.40		
912796QS1	UNITED STATES TREASURY BILL	01/10/19	0.000%	20,000,000.000	99.9499	19,989,983.40		
89236TCU7	TOYOTA MOTOR CREDIT CORP	02/19/19	1.700%	1,000,000.000	99.8147	998,147.32		N
94974BFU9	WELLS FARGO & COMPANY	04/22/19	2.125%	1,621,000.000	99.7048	1,616,214.22		N
13063CKL3	CALIFORNIA ST TXBL-VARIOUS PURPOSE	05/01/19	2.250%	1,310,000.000	99.8290	1,307,759.90		N
94988J5D5	WELLS FARGO BANK NA	05/24/19	1.750%	1,000,000.000	99.4918	994,918.16		N
02665WBEO	AMERICAN HONDA FINANCE	07/12/19	1.200%	1,000,000.000	99.2573	992,573.19		N
58768MAC5	MBALT 2016-B A3	08/15/19	1.350%	46,995.810 1,000,000.000	99.9504	46,972.52		N
43815HAB3	HAROT 2018-3 A2	12/21/20	2.670%	2,000,000.000	99.7527	1,995,053.20		
				67,977,995.810		67,934,130.31	0.00	

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
12/12/18	12/12/18	Receive	912796UH0	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00
12/12/18	12/12/18	Received	912796UG2	UNITED STATES TREASURY BILL	20,000,000.00		0.00	0.00	0.00

Income / Payment Activity USD

12/04/18	12/04/18	Matured	48306BM44	KAISER FOUNDATION HOSP			3,000,000.00		3,000,000.00
12/11/18	12/11/18	Matured	912796UD9	UNITED STATES TREASURY BILL			10,000,000.00		10,000,000.00
12/13/18	12/13/18	Matured	24422ESF7	JOHN DEERE CAPITAL CORP			2,955,000.00		2,955,000.00
12/13/18	12/13/18	Interest	24422ESF7	JOHN DEERE CAPITAL CORP				28,811.25	28,811.25
12/17/18	12/17/18	Paydown	58768MAC5	MBALT 2016-B A3			140,373.83		140,373.83
12/17/18	12/17/18	Interest	58768MAC5	MBALT 2016-B A3				210.79	210.79
12/21/18	12/21/18	Interest	43815HAB3	HAROT 2018-3 A2				4,450.00	4,450.00

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Safekeeping

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
12/04/18	12/04/18	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
12/06/18	12/06/18	ACH/DDA Transaction	DESIGNATED DDA		3,000,000.00
12/11/18	12/11/18	ACH/DDA Transaction	DESIGNATED DDA	10,000,000.00	
12/12/18	12/12/18	Cash Wire Journal Entry	SAFEKEEPING ADJ	19,967,000.00	
12/12/18	12/12/18	Journal	AUTO SK SETTLEMENT	19,974,333.33	
12/12/18	12/12/18	ACH/DDA Transaction	DESIGNATED DDA		60,000,000.00
12/19/18	12/19/18	ACH/DDA Transaction	DESIGNATED DDA	13,000,000.00	
12/21/18	12/21/18	ACH/DDA Transaction	DESIGNATED DDA		2,000,000.00
12/26/18	12/26/18	ACH/DDA Transaction	DESIGNATED DDA	5,500,000.00	
12/27/18	12/27/18	ACH/DDA Transaction	DESIGNATED DDA	1,000,000.00	

Money Market Fund Activity

Morgan Stan TreasSvc #314	Dividend earned this period	7 day* simple yield	30 day* simple yield
*As of December 31, 2018			
USD	58,958.11	2.230%	2.120%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	Beginning Balance		1.0000	32,282,894.68		32,282,894.68
12/04/18	Purchase	3,000,000.00		3,000,000.00		35,282,894.68
12/04/18	Redemption	(15,000,000.00)		(15,000,000.00)		20,282,894.68
12/06/18	Purchase	3,000,000.00		3,000,000.00		23,282,894.68
12/11/18	Purchase	10,000,000.00		10,000,000.00		33,282,894.68
12/11/18	Redemption	(10,000,000.00)		(10,000,000.00)		23,282,894.68
12/12/18	Redemption	(19,974,333.33)		(19,974,333.33)		3,308,561.35
12/12/18	Purchase	60,000,000.00		60,000,000.00		63,308,561.35
12/12/18	Redemption	(19,967,000.00)		(19,967,000.00)		43,341,561.35
12/13/18	Purchase	2,983,811.25		2,983,811.25		46,325,372.60
12/17/18	Purchase	140,584.62		140,584.62		46,465,957.22
12/18/18	Redemption	(13,000,000.00)		(13,000,000.00)		33,465,957.22
12/21/18	Purchase	4,450.00		4,450.00		33,470,407.22
12/21/18	Purchase	2,000,000.00		2,000,000.00		35,470,407.22
12/26/18	Redemption	(5,500,000.00)		(5,500,000.00)		29,970,407.22
12/27/18	Redemption	(1,000,000.00)		(1,000,000.00)		28,970,407.22
12/31/18	Reinvest	58,958.11			58,958.11	29,029,365.33



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/24/18	2.31	2.20	195
12/25/18	2.31	2.21	195
12/26/18	2.31	2.21	192
12/27/18	2.32	2.21	193
12/28/18	2.32	2.21	192
12/29/18	2.32	2.21	192
12/30/18	2.32	2.21	192
12/31/18	2.32	2.21	192
01/01/19	2.32	2.32	192
01/02/19	2.32	2.32	196
01/03/19	2.33	2.33	195
01/04/19	2.34	2.33	194
01/05/19	2.34	2.33	194
01/06/19	2.34	2.33	194
01/07/19	2.34	2.33	192
01/08/19	2.34	2.33	190
01/09/19	2.34	2.33	191
01/10/19	2.34	2.34	189
01/11/19	2.34	2.34	188
01/12/19	2.34	2.34	188
01/13/19	2.34	2.34	188
01/14/19	2.35	2.34	185
01/15/19	2.36	2.34	187
01/16/19	2.36	2.34	188
01/17/19	2.36	2.34	189
01/18/19	2.37	2.34	190
01/19/19	2.37	2.35	190
01/20/19	2.37	2.35	190
01/21/19	2.37	2.35	190
01/22/19	2.37	2.35	188
01/23/19	2.37	2.35	187

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

Quarter Ending 12/31/18

Apportionment Rate: 2.40
 Earnings Ratio: 0.00006573663340150
 Fair Value Factor: 0.999051127
 Daily: 2.32%
 Quarter to Date: 2.21%
 Average Life: 192

PMIA Average Monthly Effective Yields

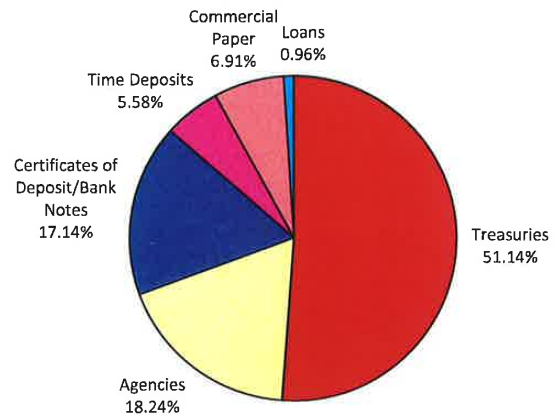
Dec 2018 2.291
 Nov 2018 2.208
 Oct 2018 2.144

Pooled Money Investment Account

Portfolio Composition

12/31/18

\$83.3 billion



Percentages may not total 100%, due to rounding.

Based on data available as of 1/23/2019



To: KHS Board of Directors

From: Robert Landis, CFO

Date: February 14, 2019

Re: 2018 Annual Review of Kern Health Systems Investment Policy

Background

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

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

- Preservation of principal
- Liquidity
- Yield

UBS is a national brokerage firm with a Bakersfield office that administers the KHS Board approved investment policy in a segregated account. Investments are in high quality bonds and FDIC insured certificates of deposit with an average duration of approximately 2 years. For the 2018 year UBS investments earned the highest returns.

The **Local Agency Investment Fund (LAIF)** is a public agency that allows smaller public agencies to pool their money and get the economies of scale that larger agencies with large portfolios receive. The California State Treasurer operates LAIF. Because it serves many agencies with short term liquidity needs, investments have an average duration of approximately 6 months.


Wells Fargo is KHS' local bank. This is beneficial since surplus cash can be easily moved to and from the checking accounts. KHS invests directly with the Wells Fargo Securities Fixed Income division in high quality bonds, commercial paper, FDIC insured certificates of deposit and a Money Market Fund.

Requested Action


Receive and file.



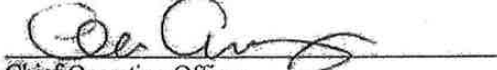
KERN HEALTH SYSTEMS			
POLICY AND PROCEDURES			
SUBJECT: Investment Policy		POLICY #: 80.11-I	
DEPARTMENT: Finance			
Effective Date: 2010-10	Review/Revised Date: 04/20/2015	DMHC	PAC
		DHCS	QI/UM COMMITTEE
		BOD	X FINANCE COMMITTEE


 Douglas A. Hayward
 Chief Executive Officer

Date 4/20/15


 Chief Financial Officer

Date 4/20/15


 Chief Operating Officer

Date 4/17/15


 Controller

Date 4/17/15

POLICY:

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

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

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

II. OBJECTIVES

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

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

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

III. PRUDENCE

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

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

IV. ETHICS AND CONFLICTS OF INTEREST

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

V. DELEGATION OF AUTHORITY

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

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

A. Financial Benchmarks

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

B. Safekeeping

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

C. Periodic Review of the Annual Investment Policy

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

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

D. Chief Financial Officer's Procedures

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

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

E. Duties and Responsibilities of Finance Committee:

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

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

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

VI. DEFINITIONS

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

VII. PERMITTED INVESTMENTS

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

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

Permitted investments shall include:

A. U.S. Treasuries

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

U.S. Government securities include:

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

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

Maximum term: Five Years

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

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

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

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

C. State of California and Local Agency Obligations

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

Maximum Term: Five years

D. State and Local Agency Obligations Outside of California

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

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

Maximum Term: Five years

Maximum of 20% of the portfolio

E. Bankers Acceptances

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

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

Maximum Term: 180 days

F. Commercial Paper

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

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

Maximum Term: 270 days

G. Negotiable Certificates of Deposit

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

Maximum term: Five years

H. Repurchase Agreements

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

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

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

Maximum Term: One year

Reverse repurchase agreements are not allowed.

I. Corporate Debt Securities

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

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

Maximum Term: Five years

J. Money Market Funds

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

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

K. Mortgage or Asset-backed Securities

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

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

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

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

Maximum Term: Operating Funds – Five years

L. Variable and Floating Rate Securities

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

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

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

Maximum Term: Operating Funds – Five Years

M. Local Agency Investment Fund (LAIF)

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

Maximum Term: Five Years

VIII. POLICIES

A. Securities Lending

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

B. Leverage

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

C. Other Investments

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

D. Underlying Nature of Investments

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

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

E. Investment Managers

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

F. Derivatives

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

G. Rating Category

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

H. Rating Downgrades

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

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

I. Maximum Stated Term

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

J. Diversification Guidelines

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

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

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

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

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

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

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

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

REFERENCE:

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

**KERN HEALTH SYSTEMS
2018 INVESTMENT ANALYSIS**

Attachment 2

	<u>UBS</u>	<u>LAIF</u>	<u>Wells Fargo Securities</u>
December 31, 2018 Balance	72,312,992	59,931,410	96,963,496
Average Monthly Balance	71,255,105	61,969,843	107,590,844
Total Dividend/Revenue (YTD)	1,530,242	1,238,583	1,728,352
Average Rate of Return	2.15%	2.00%	1.61%



To: KHS Board of Directors
From: Robert Landis, CFO
Date: February 14, 2019
Re: November 2018 Financial Results

The November results reflect a \$448,378 Net Increase in Net Position which is a \$685,074 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$4.4 million favorable variance primarily due to:
 - A) \$1.4 million favorable variance relating to Family and Other primarily due to a higher than expected budgeted rate increase from the State (\$.1 million), higher than expected Maternity revenue (\$.6 million), higher than expected BHT Revenue (\$.3 million) offset against amounts included in 2B and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.5 million) and offset against amounts included in item 2D below.
 - B) \$1.0 million favorable variance relating to Expansion primarily due to a higher than expected budgeted rate increase from the State (\$1.3 million), lower than expected enrollment (\$.1 million), lower than expected Maternity revenue (\$.3 million) and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.3 million) and offset against amounts included in item 2D below.
 - C) \$1.4 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 (\$.5 million), lower than expected HEP-C revenue (\$.2 million), higher than expected BHT Revenue (\$.4 million) offset against amounts included in 2B and accounting for unbudgeted Proposition 56 monies received on at risk basis (\$.1 million) and offset against amounts included in item 2D below.
- 2) Total Medical Costs reflect a \$3.8 million unfavorable variance primarily due to:
 - A) .6 million unfavorable variance in Physician Services primarily due to higher than expected utilization of Referral Specialty Services.
 - B) 1.3 million unfavorable variance in Other Professional Services primarily due to higher than expected utilization of BHT services for SPD and Family & Other members offset against amounts included in 1A and 1C above.
 - C) \$4.3 million favorable variance in Inpatient primarily due to better than expected utilization for Expansion members over the last several months and offset against amounts included item 2E below.

- D) \$2.0 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted Proposition 56 expenses on at-risk-basis partially offset against revenue included under items 1A-1C above. KHS has requested that the State increase the Prop 56 revenue payments to cover projected Prop 56 expense deficits.

- E) \$4.2 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 November Medical Loss Ratio is 93.6% which is equal to the 93.6% budgeted amount. The November Administrative Expense Ratio is 5.2% which is favorable to the 6.3% budgeted amount.

The results for the 11 months ended November 30, 2018 reflects a Net Increase in Net Position of \$5,613,118. This is a \$9,192,925 favorable variance to budget and includes approximately \$1.2 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
November 2018**

KHS – Medi-Cal Line of Business

Comparative Statement of Net Position	Page 1
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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 NOVEMBER 30, 2018			
ASSETS	NOVEMBER 2018	OCTOBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 94,533,988	\$ 92,926,868	\$ 1,607,120
Short-Term Investments	115,415,478	112,528,310	2,887,168
Premiums Receivable - Net	78,291,249	75,598,704	2,692,545
Interest Receivable	485,888	246,587	239,301
Other Receivables	1,229,575	1,493,000	(263,425)
Prepaid Expenses & Other Current Assets	1,185,381	1,377,478	(192,097)
Total Current Assets	\$ 291,141,559	\$ 284,170,947	\$ 6,970,612
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPRES:			
Land	4,876,562	4,876,562	-
Furniture and Equipment	6,352,110	6,451,310	(99,200)
Automobile - Net	13,490	13,882	(392)
Building and Building Improvements - Net	6,351,554	6,379,410	(27,856)
Capital Projects in Process	30,993,706	27,116,469	3,877,237
Total Capital Assets	\$ 48,587,422	\$ 44,837,633	\$ 3,749,789
LONG TERM ASSETS:			
Officer Life Insurance Receivables	684,615	684,615	-
Total Long Term Assets	\$ 684,615	\$ 684,615	\$ -
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,890,063	\$ 2,890,063	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 343,603,659	\$ 332,883,258	\$ 10,720,401
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 42,848	\$ 28,176	14,672
Accrued Salaries and Employee Benefits	2,589,744	2,436,613	153,131
Accrued Other Operating Expenses	1,077,675	1,096,055	(18,380)
Accrued Taxes and Licenses	16,124,056	8,036,340	8,087,716
Claims Payable (Reported)	15,686,962	22,279,356	(6,592,394)
IBNR - Inpatient Claims	37,424,803	36,042,990	1,381,813
IBNR - Physician Claims	14,362,801	11,930,945	2,431,856
IBNR - Accrued Other Medical	22,310,643	20,784,497	1,526,146
Risk Pool and Withholds Payable	2,304,111	3,278,096	(973,985)
Statutory Allowance for Claims Processing Expense	2,324,857	2,324,857	-
Other Liabilities	27,120,975	22,859,527	4,261,448
Total Current Liabilities	\$ 141,369,475	\$ 131,097,452	\$ 10,272,023
NONCURRENT LIABILITIES:			
Net Pension Liability	5,808,296	5,808,296	-
TOTAL NONCURRENT LIABILITIES	\$ 5,808,296	\$ 5,808,296	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 270,949	\$ 270,949	\$ -
NET POSITION:			
Net Position - Beg. of Year	190,541,821	190,541,821	-
Increase (Decrease) in Net Position - Current Year	5,613,118	5,164,740	448,378
Total Net Position	\$ 196,154,939	\$ 195,706,561	\$ 448,378
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 343,603,659	\$ 332,883,258	\$ 10,720,401

			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2018					
CURRENT MONTH MEMBERS						YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE				ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
165,712	167,300	(1,588)	Family Members			1,826,804	1,818,300	8,504
58,782	59,050	(268)	Expansion Members			650,985	641,300	9,685
14,759	14,050	709	SPD Members			159,600	154,550	5,050
6,269	5,275	994	Other Members			66,357	56,650	9,707
8,283	8,050	233	Kaiser Members			90,720	87,175	3,545
253,805	253,725	80	Total Members - MCAL			2,794,466	2,757,975	36,491
REVENUES								
23,501,422	22,125,214	1,376,208	Title XIX - Medicaid - Family and Other			244,376,418	236,247,641	8,128,777
21,231,529	20,184,638	1,046,891	Title XIX - Medicaid - Expansion Members			233,891,282	222,620,203	11,271,080
12,551,376	11,164,810	1,386,566	Title XIX - Medicaid - SPD Members			126,098,409	120,963,448	5,134,961
8,087,716	7,731,686	356,030	Premium - MCO Tax			87,174,241	84,053,266	3,120,975
316,046	274,351	41,695	Interest /Dividends			4,127,586	2,982,543	1,145,043
(139,352)	115,467	(254,819)	Reinsurance Recoveries			-	1,255,276	(1,255,276)
110,446	-	110,446	COB/Subrogation Collections			17,549,398	-	17,549,398
251,712	-	251,712	Rate/Income Adjustments			23,717,690	-	23,717,690
45,043	-	45,043	Other Income (Expense)			(187,064)	-	(187,064)
65,955,938	61,596,166	4,359,772	TOTAL REVENUES			736,747,961	668,122,378	68,625,584
EXPENSES								
Medical Costs:								
13,509,654	12,865,768	(643,886)	Physician Services			148,509,879	140,015,968	(8,493,911)
4,150,323	2,837,246	(1,313,077)	Other Professional Services			35,139,812	30,935,091	(4,204,720)
4,169,595	4,193,758	24,163	Emergency Room			50,578,974	45,623,016	(4,955,957)
9,158,011	13,417,140	4,259,129	Inpatient			147,174,593	146,193,885	(980,708)
115,275	115,467	192	Reinsurance Expense			1,268,902	1,255,276	(13,626)
5,131,143	4,851,388	(279,755)	Outpatient Hospital			61,927,580	52,852,582	(9,074,998)
4,451,124	2,425,728	(2,025,396)	Other Medical			37,725,095	26,488,706	(11,236,389)
8,798,273	9,203,222	404,949	Pharmacy			99,380,510	100,341,482	960,972
491,044	491,350	306	Pay for Performance Quality Incentive			5,407,492	5,341,600	(65,892)
(535)	-	535	Non-Claims Expense Adjustment			20,638,587	-	(20,638,587)
4,196,430	-	(4,196,430)	IBNR, Incentive, Paid Claims Adjustment			1,883,180	-	(1,883,180)
54,170,337	50,401,068	(3,769,269)	Total Medical Costs			609,634,603	549,047,607	(60,586,997)
11,785,601	11,195,098	590,503	GROSS MARGIN			127,113,358	119,074,771	8,038,587
Administrative:								
2,025,307	1,984,389	(40,919)	Compensation			21,716,243	21,832,445	116,202
616,200	604,950	(11,250)	Purchased Services			6,375,564	6,751,931	376,367
36,154	101,248	65,094	Supplies			587,424	1,114,164	526,740
127,238	376,184	248,946	Depreciation			1,399,598	1,940,379	540,781
221,013	300,004	78,991	Other Administrative Expenses			3,005,304	3,295,727	290,423
3,025,912	3,366,775	340,863	Total Administrative Expenses			33,084,133	34,934,646	1,850,513
57,196,249	53,767,843	(3,428,406)	TOTAL EXPENSES			642,718,736	583,982,253	(58,736,484)
8,759,689	7,828,323	931,366	OPERATING INCOME (LOSS) BEFORE TAX			94,029,225	84,140,125	9,889,100
8,087,716	7,731,686	(356,030)	MCO TAX			86,129,298	84,053,266	(2,076,032)
671,973	96,637	575,336	OPERATING INCOME (LOSS) NET OF TAX			7,899,927	86,858	7,813,068
NONOPERATING REVENUE (EXPENSES)								
-	-	-	Reserve Fund Projects/Community Grants			-	-	-
(223,595)	(333,333)	109,738	Health Home			(2,286,809)	(3,666,666)	1,379,857
(223,595)	(333,333)	109,738	TOTAL NONOPERATING REVENUES (EXPENSES)			(2,286,809)	(3,666,666)	1,379,857
448,378	(236,696)	685,074	NET INCREASE (DECREASE) IN NET POSITION			5,613,118	(3,579,808)	9,192,925
93.6%	93.6%	0.0%	MEDICAL LOSS RATIO			93.9%	94.0%	0.2%
5.2%	6.3%	1.0%	ADMINISTRATIVE EXPENSE RATIO			5.1%	6.0%	0.9%

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CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED NOVEMBER 30, 2018			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
165,712	167,300	(1,588)	Family Members	1,826,804	1,818,300	8,504		
58,782	59,050	(268)	Expansion Members	650,985	641,300	9,685		
14,759	14,050	709	SPD Members	159,600	154,550	5,050		
6,269	5,275	994	Other Members	66,357	56,650	9,707		
8,283	8,050	233	Kaiser Members	90,720	87,175	3,545		
253,805	253,725	80	Total Members - MCAL	2,794,466	2,757,975	36,491		
REVENUES								
136.65	128.21	8.44	Title XIX - Medicaid - Family and Other	129.08	126.00	3.08		
361.19	341.82	19.37	Title XIX - Medicaid - Expansion Members	359.29	347.14	12.15		
850.42	794.65	55.77	Title XIX - Medicaid - SPD Members	790.09	782.68	7.41		
32.94	31.47	1.47	Premium - MCO Tax	32.24	31.47	0.77		
1.29	1.12	0.17	Interest/Dividends	1.53	1.12	0.41		
(0.57)	0.47	(1.04)	Reinsurance Recoveries	0.00	0.47	(0.47)		
0.45	0.00	0.45	COB/Subrogation Collections	6.49	0.00	6.49		
1.03	0.00	1.03	Rate/Income Adjustments	8.77	0.00	8.77		
0.18	0.00	0.18	Other Income (Expense)	(0.07)	0.00	(0.07)		
268.64	250.72	17.91	TOTAL REVENUES	272.49	250.16	22.33		
EXPENSES								
Medical Costs:								
55.02	52.37	(2.66)	Physician Services	54.93	52.42	(2.50)		
16.90	11.55	(5.36)	Other Professional Services	13.00	11.58	(1.41)		
16.98	17.07	0.09	Emergency Room	18.71	17.08	(1.62)		
37.30	54.61	17.31	Inpatient	54.43	54.74	0.30		
0.47	0.47	0.00	Reinsurance Expense	0.47	0.47	0.00		
20.90	19.75	(1.15)	Outpatient Hospital	22.90	19.79	(3.12)		
18.13	9.87	(8.26)	Other Medical	13.95	9.92	(4.04)		
35.83	37.46	1.63	Pharmacy	36.76	37.57	0.81		
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00		
(0.00)	0.00	0.00	Non-Claims Expense Adjustment	7.63	0.00	(7.63)		
17.09	0.00	(17.09)	IBNR, Incentive, Paid Claims Adjustment	0.70	0.00	(0.70)		
220.63	205.15	(15.48)	Total Medical Costs	225.48	205.57	(19.90)		
48.00	45.57	2.43	GROSS MARGIN	47.01	44.58	2.43		
Administrative:								
8.25	8.08	(0.17)	Compensation	8.03	8.17	0.14		
2.51	2.46	(0.05)	Purchased Services	2.36	2.53	0.17		
0.15	0.41	0.26	Supplies	0.22	0.42	0.20		
0.52	1.53	1.01	Depreciation	0.52	0.73	0.21		
0.90	1.22	0.32	Other Administrative Expenses	1.11	1.23	0.12		
12.32	13.70	1.38	Total Administrative Expenses	12.24	13.08	0.84		
232.96	218.86	(14.10)	TOTAL EXPENSES	237.71	218.65	(19.06)		
35.68	31.86	3.81	OPERATING INCOME (LOSS) BEFORE TAX	34.78	31.50	3.27		
32.94	31.47	(1.47)	MCO TAX	31.86	31.47	(0.38)		
2.74	0.39	2.34	OPERATING INCOME (LOSS) NET OF TAX	2.92	0.03	2.89		
NONOPERATING REVENUE (EXPENSES)								
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00		
0.88	(1.36)	(2.24)	Health Home	0.82	(14.92)	(15.74)		
0.88	(1.36)	(2.24)	TOTAL NONOPERATING REVENUES (EXPENSES)	0.82	(14.92)	(15.74)		
1.83	(0.96)	2.79	NET INCREASE (DECREASE) IN NET POSITION	2.08	(1.34)	3.42		
93.6%	93.6%	0.0%	MEDICAL LOSS RATIO	93.9%	94.0%	0.2%		
5.2%	6.3%	1.0%	ADMINISTRATIVE EXPENSE RATIO	5.1%	6.0%	0.9%		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2018														
	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	13 MONTH TOTAL
ENROLLMENT	239,434	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	3,184,747
REVENUES														
Title XIX - Medicaid - Family and Other	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	23,000,590	23,501,422	286,717,857
Title XIX - Medicaid - Expansion Members	20,222,674	20,131,172	20,478,437	20,367,468	20,638,072	20,818,430	21,917,368	21,204,090	21,752,232	22,282,962	21,704,606	21,501,088	21,231,529	274,245,128
Title XIX - Medicaid - SPD Members	10,859,865	11,017,790	10,334,550	10,530,984	10,764,253	10,871,613	11,583,059	11,083,761	11,910,274	12,352,514	11,987,574	12,128,124	12,551,376	147,976,064
Premium - MCO Tax	7,628,229	7,651,559	7,720,467	7,658,983	7,815,000	7,885,583	7,871,901	8,087,918	8,087,918	8,087,066	8,087,918	8,087,777	8,087,716	102,454,029
Interest/Dividends	268,899	320,074	489,128	312,296	330,992	509,405	392,144	493,098	298,592	326,444	338,291	331,150	316,046	4,716,899
Reinsurance Recoveries	781,756	217,296	-	-	-	139,352	-	-	-	-	-	-	-	(139,352,000)
COB/Subrogation Collections	5,324,912	2,458,885	-	-	10,245,425	3,503,612	1,257,496	1,027,705	465,065	417,036	196,954	325,659	110,446	25,333,195
Rate/Income Adjustments	2,128,785	52,721	1,511,501	319,159	1,095,189	457,845	21,528,562	(1,680,199)	(113,750)	129,606	5,175	121,890	251,712	25,899,196
Other Income (Expense)	(204,600)	(708,938)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	345,348	58,667	15,476	136,661	142,515	45,043	(916,462)
TOTAL REVENUES	68,625,290	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	65,729,793	65,955,938	867,424,560
EXPENSES														
Medical Claims	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	12,587,105	13,509,654	176,476,680
Physician Services	3,065,669	2,810,522	2,973,811	2,788,474	2,996,590	2,911,566	3,414,391	3,111,320	2,964,061	3,254,300	3,251,122	3,233,654	4,150,323	41,016,003
Other Professional Services	5,095,039	3,888,819	4,267,344	4,171,278	4,529,525	5,247,777	4,510,035	4,780,947	4,584,669	4,563,430	4,531,949	4,490,225	4,169,595	59,562,832
Emergency Room	16,815,315	14,316,486	13,588,711	13,055,324	16,973,565	14,300,222	13,932,093	13,267,422	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	178,306,394
Reinsurance Expense	105,845	105,351	113,536	117,345	118,427	107,531	115,823	116,420	116,440	116,994	116,075	116,072	115,275	1,480,098
Outpatient Hospital	7,151,522	5,457,541	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	5,131,143	74,536,643
Other Medical	1,797,103	2,482,691	2,422,606	1,923,264	2,576,860	2,195,032	3,282,963	3,057,129	4,241,840	3,605,940	3,653,995	4,451,124	42,004,888	
Pharmacy	8,609,146	8,546,330	9,767,065	8,544,614	9,369,495	8,793,605	9,203,737	8,567,706	8,348,741	9,437,755	8,667,417	9,382,074	8,798,273	116,506,386
Pay for Performance/Quality Incentive	562,670	567,682	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	490,532	491,044	6,537,844
Non-Claims Expense Adjustment	-	-	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	(535)	20,638,587
IBNR, Incentive, Paid Claims Adjustment	(382,239)	(105,403)	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	1,972,569	342,052	1,871,269	566,662	1,438,167	4,196,430	1,395,338
Total Medical Costs	57,488,350	51,428,840	49,826,819	48,751,703	58,733,233	53,700,500	76,700,850	51,354,704	53,194,977	56,289,183	53,626,649	53,549,587	54,170,337	718,551,793
GROSS MARGIN	11,136,940	10,622,469	10,670,779	10,545,596	12,997,109	10,840,573	10,842,089	10,909,148	12,083,558	12,090,483	12,168,216	12,180,206	11,785,601	148,872,766
Administrative	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	2,161,106	2,025,307	25,661,432
Compensation	952,528	659,096	519,892	545,740	804,716	642,623	636,968	578,949	415,147	594,201	555,317	465,811	616,200	7,987,788
Purchased Services	160,257	(329,638)	104,230	27,903	(9,431)	72,492	71,465	68,507	61,411	30,539	67,086	67,086	36,154	418,043
Supplies	127,144	127,464	128,722	127,578	127,464	130,267	122,140	127,238	127,238	127,238	127,238	127,238	127,238	1,654,806
Depreciation	317,828	688,273	210,466	225,000	339,883	284,983	279,546	275,729	332,386	255,200	315,104	265,994	221,013	4,011,405
Other Administrative Expenses	3,456,295	2,042,235	2,042,235	-	-	-	-	-	-	-	-	-	-	2,042,235
Administrative Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Administrative Expenses	3,456,295	5,235,280	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	3,087,238	3,025,912	41,775,709
TOTAL EXPENSES	60,944,645	56,664,120	52,773,833	51,535,473	62,072,571	56,518,888	79,727,921	54,289,995	56,143,972	59,410,922	56,412,490	56,636,822	57,196,249	760,337,402
OPERATING INCOME (LOSS) BEFORE TAX	7,680,645	8,387,188	7,713,765	7,761,826	9,657,832	8,024,585	7,815,018	7,973,857	9,134,563	8,968,744	9,118,375	9,092,971	8,759,689	107,897,068
MCO TAX	7,650,173	7,652,171	7,650,254	7,510,749	7,650,023	7,650,254	7,650,254	7,578,828	8,087,918	8,087,607	8,087,918	8,087,777	8,087,716	101,431,642
OPERATING INCOME (LOSS) NET OF TAX	30,472	(2,264,983)	73,511	251,077	2,007,809	372,331	164,764	395,029	1,046,645	881,137	1,030,457	1,005,194	671,973	5,665,416
TOTAL NONOPERATING REVENUE (EXPENSES)	-	(625,436)	(18,785)	(140,027)	(615,733)	(138,970)	43,857	(233,737)	(158,805)	(191,701)	(507,923)	(41,390)	(233,595)	(2,912,245)
NET INCREASE (DECREASE) IN NET POSITION	30,472	(2,890,419)	54,726	111,050	1,392,076	233,361	208,621	161,229	887,840	689,436	462,534	963,804	448,378	2,753,171
MEDICAL LOSS RATIO	94.2%	94.8%	94.5%	94.4%	94.7%	94.7%	96.3%	94.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%
ADMINISTRATIVE EXPENSE RATIO	5.7%	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.4%	5.5%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH NOVEMBER 30, 2018														
ENROLLMENT														
MEMBERS - MICAL	NOVEMBER 2017	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	13 MONTH TOTAL
299,434	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	3,184,747	
REVENUES														
Title XIX - Medical - Family and Other	126.92	131.23	116.91	118.93	123.47	121.12	133.71	136.38	131.77	143.39	133.25	134.04	136.65	128.48
Title XIX - Medical - Expansion Members	359.17	349.73	354.64	347.73	351.14	348.64	370.03	353.55	362.19	373.39	366.14	363.20	361.19	358.56
Title XIX - Medical - SPD Members	760.39	769.40	750.41	735.40	755.17	765.50	760.84	759.68	814.12	848.74	859.82	838.04	850.42	786.26
Premium - MCO Tax	31.86	31.67	31.95	31.33	31.91	31.90	31.91	31.61	32.63	32.75	32.75	32.98	32.94	32.17
Interest/Dividends	1.12	1.32	2.02	1.28	1.35	1.07	1.59	1.99	1.20	1.32	1.33	1.35	1.29	1.48
Reinsurance Recoveries	3.27	0.90	0.00	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00	0.00	0.31
COB/Subrogation Collections	22.24	10.18	0.00	0.00	41.83	14.22	5.09	4.16	1.88	1.69	0.80	0.00	0.45	7.95
Rate/Income Adjustments	8.89	0.22	6.25	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.87	1.03	8.13
Other Income (Expense)	(0.09)	(2.93)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	1.40	0.24	0.06	0.55	0.58	0.18	(0.29)
TOTAL REVENUES	286.61	256.87	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	268.64	272.37
EXPENSES														
Medical Costs:														
Physician Services	61.01	55.30	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	55.41
Other Professional Services	12.80	11.63	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	12.88
Emergency Room	21.28	16.10	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	18.70
U p a r t i e n t	70.23	59.27	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	55.99
Reinsurance Expense	0.44	0.44	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.46
Outpatient Hospital	79.87	22.59	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	23.40
Other Medical	7.51	10.28	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	13.19
Pharmacy	36.21	35.38	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	36.61
Pay for Performance Quality Incentive	2.35	2.35	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	0.00	6.48
IBNR, Incentive, Paid Claims Adjustment	(1.60)	(0.44)	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	17.09	0.44
Total Medical Costs	240.10	212.90	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	225.62
GROSS MARGIN														
Administrative:	46.51	43.97	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.27	49.66	48.00	46.75
Compensation	7.93	8.47	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.25	8.06
Purchased Services	3.98	2.73	2.15	2.24	3.29	2.61	2.58	2.34	1.67	2.41	2.25	1.90	2.51	2.51
Supplies	0.67	(1.36)	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.15	0.13
Depreciation	0.53	0.53	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.52	0.52
Other Administrative Expenses	1.33	2.85	0.87	0.92	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	0.90	1.26
Administrative Expense Adjustment	0.00	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.64
Total Administrative Expenses	14.44	21.67	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.59	12.32	13.12
TOTAL EXPENSES	254.54	234.57	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	238.43	230.92	232.96	238.74
OPERATING INCOME (LOSS) BEFORE TAX	32.08	22.30	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.32	36.92	37.07	35.68	33.63
MCO TAX	31.95	31.68	31.65	30.81	31.23	31.05	30.96	30.64	32.63	32.75	32.75	32.98	32.94	31.85
OPERATING INCOME (LOSS) NET OF TAX	0.13	(0.38)	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.17	4.10	2.74	1.78
TOTAL NONOPERATING REVENUE (EXPENSES)	0.00	(3.59)	(0.08)	(0.57)	(2.51)	(0.56)	0.18	(0.95)	(0.64)	(0.78)	(2.30)	(0.17)	(0.91)	(0.91)
NET INCREASE (DECREASE) IN NET POSITION	0.13	(11.97)	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.87	3.93	1.83	0.86
MEDICAL LOSS RATIO	94.2%	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	95.4%	92.9%	92.9%	93.6%	93.9%
ADMINISTRATIVE EXPENSE RATIO	5.7%	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.8%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED NOVEMBER 30, 2018				YEAR-TO-DATE		
CURRENT MONTH		REVENUES		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
19,628,059	19,508,420	119,639	Title XIX - Medicaid - Family & Other	211,142,399	208,662,312	2,480,087
2,780,485	2,211,218	569,267	Premium - Medi-Cal	24,138,733	23,193,724	945,009
91,429	178,602	(87,173)	Premium - Maternity Kick	707,971	1,940,436	(1,232,465)
419,216	136,077	283,139	Premium - Hep C Kick	2,407,094	1,478,420	928,674
499,778	-	499,778	Premium - BHT Kick	5,010,864	-	5,010,864
82,455	90,896	(8,441)	Premium - Provider Enhancement	969,357	972,749	(3,392)
			Other			
23,501,422	22,125,214	1,376,208	Total Title XIX - Medicaid - Family & Other	244,376,418	236,247,641	8,128,777
			Title XIX - Medicaid - Expansion Members			
20,523,816	19,343,171	1,180,645	Premium - Medi-Cal	224,100,034	213,549,958	10,550,076
124,386	427,591	(303,205)	Premium - Maternity Kick	2,636,607	4,569,987	(1,933,380)
287,570	383,802	(96,232)	Premium - Hep C Kick	4,123,694	4,168,200	(44,506)
269,718	-	269,718	Premium - Provider Enhancement	2,706,524	-	2,706,524
26,039	30,075	(4,036)	Other	324,423	332,058	(7,635)
21,231,529	20,184,638	1,046,891	Total Title XIX - Medicaid - Expansion Members	233,891,282	222,620,203	11,271,079
			Title XIX - Medicaid - SPD Members			
11,624,911	10,583,008	1,041,903	Premium - Medi-Cal	119,076,384	114,563,628	4,512,756
136,217	320,007	(183,790)	Premium - Hep C Kick	2,185,630	3,520,077	(1,334,447)
675,726	261,795	413,931	Premium - BHT Kick	3,707,035	2,879,744	827,291
114,522	-	114,522	Premium - Provider Enhancement	1,129,360	-	1,129,360
12,551,376	11,164,810	1,386,566	Total Title XIX - Medicaid - SPD Members	126,098,409	120,963,448	5,134,961

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED NOVEMBER 30, 2018				CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE	
2,678,624	2,821,883	143,259	PHYSICIAN SERVICES	31,119,711	30,683,713	(435,998)	
9,565,087	8,919,649	(645,408)	Primary Care Physician Services	102,052,578	97,109,127	(4,943,451)	
1,256,973	1,114,936	(142,037)	Referral Specialty Services	15,237,390	12,150,228	(3,087,162)	
9,000	9,300	300	Urgent Care & After Hours Advise	100,200	72,900	(27,300)	
13,509,654	12,865,768	(643,886)	Hospital Admitting Team	148,509,879	140,015,968	(8,493,911)	
			TOTAL PHYSICIAN SERVICES				
			OTHER PROFESSIONAL SERVICES				
245,266	252,652	7,386	Vision Service Capitation	2,699,791	2,746,818	47,027	
152,761	175,171	22,410	221 - Business Intelligence	1,560,948	1,926,885	365,937	
703,611	683,714	(19,897)	310 - Health Services - Utilization Management - UM Allocation *	7,336,819	7,431,707	104,888	
101,375	89,147	(12,229)	311 - Health Services - Quality Improvement - UM Allocation *	903,278	980,616	77,338	
86,565	89,883	3,318	312 - Health Services - Education - UM Allocation *	882,637	962,733	80,096	
80,781	79,191	(1,590)	313 - Health Services - Pharmacy - UM Allocation *	832,410	871,100	38,690	
48,745	50,527	1,782	314 - Health Homes - UM Allocation *	533,398	555,797	22,399	
46,200	55,701	9,501	616 - Disease Management - UM Allocation *	486,072	612,706	126,634	
1,461,225	440,397	(1,020,828)	Behavior Health Treatment	7,526,478	4,820,177	(2,706,301)	
112,722	54,200	(58,522)	Mental Health Services	1,281,531	590,371	(691,160)	
1,111,072	866,663	(244,409)	Other Professional Services	11,106,449	9,436,181	(1,670,268)	
4,150,323	2,837,246	(1,313,077)	TOTAL OTHER PROFESSIONAL SERVICES	35,139,812	30,935,091	(4,204,720)	
4,169,595	4,193,758	24,163	EMERGENCY ROOM	50,578,974	45,623,016	(4,955,957)	
9,158,011	13,417,140	4,259,129	INPATIENT HOSPITAL	147,174,593	146,193,885	(980,708)	
115,275	115,467	192	REINSURANCE EXPENSE PREMIUM	1,268,902	1,255,276	(13,626)	
5,131,143	4,851,388	(279,755)	OUTPATIENT HOSPITAL SERVICES	61,927,580	52,852,582	(9,074,998)	
			OTHER MEDICAL				
296,854	337,693	40,839	Ambulance	3,566,840	3,671,784	104,944	
284,524	359,362	74,838	Home Health Services & CBAS	3,202,223	3,925,723	723,500	
442,580	262,930	(179,650)	Utilization and Quality Review Expenses	2,568,659	2,892,219	323,560	
995,381	809,843	(185,538)	Long Term/SNF/Hospice	10,061,176	8,848,497	(1,212,679)	
-	122,838	122,838	Enhanced Medical Benefits	16,466	1,335,400	1,318,934	
1,392,201	-	(1,392,201)	Provider Enhancement Expense	9,891,334	-	(9,891,334)	
1,039,584	533,063	(506,521)	Non-Medical Transportation	8,418,397	5,815,084	(2,603,313)	
4,451,124	2,425,728	(2,025,396)	TOTAL OTHER MEDICAL	37,725,095	26,488,706	(11,236,389)	
			PHARMACY SERVICES				
7,733,322	7,947,107	213,785	RX - Drugs & OTC	87,113,347	86,623,073	(490,274)	
536,568	839,887	303,319	RX - HEP-C	6,726,850	9,166,699	2,439,850	
595,116	521,258	(73,858)	Rx - DME	6,867,262	5,696,489	(1,170,773)	
(66,733)	(105,029)	(38,296)	RX - Pharmacy Rebates	(1,326,949)	(1,144,779)	182,170	
8,798,273	9,203,222	404,949	TOTAL PHARMACY SERVICES	99,380,510	100,341,482	960,972	
491,044	491,350	306	PAY FOR PERFORMANCE QUALITY INCENTIVE	5,407,492	5,341,600	(65,892)	
(535)	-	535	NON-CLAIMS EXPENSE ADJUSTMENT	20,638,587	-	(20,638,587)	
4,196,430	-	(4,196,430)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	1,883,180	-	(1,883,180)	
54,170,337	50,401,068	(3,769,269)	Total Medical Costs	609,634,603	549,047,607	(60,586,997)	

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL		SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED NOVEMBER 30, 2018		YEAR-TO-DATE		
ACTUAL	CURRENT MONTH BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
10.91	11.49	0.58	PHYSICIAN SERVICES	11.51	11.49	(0.02)
38.96	36.31	(2.65)	Primary Care Physician Services	37.74	36.36	(1.39)
5.12	4.54	(0.58)	Referral Specialty Services	5.64	4.55	(1.09)
0.04	0.04	0.00	Urgent Care & After Hours Advise	0.04	0.03	(0.01)
55.02	52.37	(2.66)	Hospital Admitting Team	54.93	52.42	(2.50)
1.00	1.03	0.03	TOTAL PHYSICIAN SERVICES	1.00	1.03	0.03
0.62	0.71	0.09	OTHER PROFESSIONAL SERVICES	0.58	0.72	0.14
2.87	2.78	(0.08)	Vision Service Capitation	2.71	2.78	0.07
0.41	0.36	(0.05)	221 - Business Intelligence	0.33	0.37	0.03
0.33	0.32	(0.01)	310 - Health Services - Utilization Management - UM Allocation *	0.33	0.36	0.03
0.20	0.21	0.01	311 - Health Services - Quality Improvement - UM Allocation *	0.31	0.33	0.02
0.19	0.23	0.04	312 - Health Services - Education - UM Allocation *	0.20	0.21	0.01
5.95	1.79	(4.16)	313 - Health Services - Pharmacy - UM Allocation *	0.18	0.23	0.05
0.46	0.22	(0.24)	616 - Disease Management - UM Allocation *	2.78	1.80	(0.98)
4.53	3.53	(1.00)	Behavior Health Treatment	4.11	3.53	(0.57)
16.90	11.55	(5.36)	Mental Health Services	13.00	11.58	(1.41)
16.98	17.07	0.09	Other Professional Services	18.71	17.08	(1.62)
37.30	54.61	17.31	TOTAL OTHER PROFESSIONAL SERVICES	54.43	54.74	0.30
0.47	0.47	0.00	EMERGENCY ROOM	0.47	0.47	0.00
20.90	19.75	(1.15)	INPATIENT HOSPITAL	22.90	19.79	(3.12)
1.21	1.37	0.17	REINSURANCE EXPENSE PREMIUM			
1.16	1.46	0.30	OUTPATIENT HOSPITAL SERVICES			
1.80	1.07	(0.73)	OTHER MEDICAL			
4.05	3.30	(0.76)	Ambulance	1.32	1.37	0.06
5.67	0.00	(5.67)	Home Health Services & CBAS	1.18	1.47	0.29
4.23	2.17	(2.06)	Utilization and Quality Review Expenses	0.95	1.08	0.13
18.13	9.87	(8.26)	Long Term/SNP/Hospice	3.72	3.31	(0.41)
31.50	32.35	0.85	Enhanced Medical Benefits	0.01	0.50	0.49
2.19	3.42	1.23	Provider Enhancement Expense	3.66	0.00	(3.66)
2.42	2.12	(0.30)	Non-Medical Transportation	3.11	2.18	(0.94)
(0.27)	(0.43)	(0.16)	TOTAL OTHER MEDICAL	13.95	9.92	(4.04)
35.83	37.46	1.63	PHARMACY SERVICES			
2.00	2.00	0.00	RX - Drugs & OTC	32.22	32.43	0.21
17.09	0.00	(17.09)	RX - HEP-C	2.49	3.43	0.94
230.63	205.15	(15.48)	Rx - DME	2.54	2.13	(0.41)
			RX - Pharmacy Rebates	(0.49)	(0.43)	0.06
			TOTAL PHARMACY SERVICES	36.76	37.57	0.81
			PAY FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00	0.00
			NON-CLAIMS EXPENSE ADJUSTMENT	7.63	0.00	(7.63)
			IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.70	0.00	(0.70)
			Total Medical Costs	225.48	205.57	(19.90)

* 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	NOVEMBER 2018	YEAR TO DATE 2018
KERN HEALTH SYSTEMS												
MEDICAL												
SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH NOVEMBER 30, 2018												
PHYSICIAN SERVICES												
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	2,678,624	31,119,711
Referral Specialty Services	9,240,467	8,846,562	10,572,041	9,730,130	8,733,446	8,952,433	9,287,840	9,731,053	8,930,332	8,539,217	9,505,057	102,052,578
Urgent Care & After Hours Advice	1,069,333	1,008,534	2,281,593	1,679,588	1,474,529	1,133,193	1,180,035	1,209,271	1,519,714	1,425,628	1,256,973	15,237,390
Hospital Admitting Team	9,300	8,400	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	100,200
TOTAL PHYSICIAN SERVICES	13,239,777	12,606,454	15,608,603	14,440,821	13,315,057	13,013,296	13,202,517	13,538,335	13,438,560	12,587,105	13,509,654	148,509,879
OTHER PROFESSIONAL SERVICES												
Vision Service Capitation	241,567	249,668	251,973	228,790	246,417	247,071	247,311	247,867	246,967	246,967	245,266	2,699,701
221 - Business Incentives	-	-	-	-	-	875,183	144,979	154,479	133,146	159,700	152,761	860,938
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,779	649,963	755,456	241,123	688,274	677,875	643,970	723,820	702,619	7,326,819
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	123,692	89,187	91,527	31,712	22,420	67,875	69,572	87,748	101,375	903,278
312 - Health Services - Education - UM Allocation *	76,072	65,961	70,421	70,442	80,866	86,071	79,872	84,785	87,611	91,376	86,565	893,637
313 - Health Services - Pharmacy - UM Allocation *	86,572	85,975	103,112	80,930	80,866	86,071	76,094	81,376	77,352	75,757	80,761	832,410
314 - Health Services - Home Care - UM Allocation *	44,203	41,266	48,457	41,054	48,457	47,913	47,631	52,377	53,966	58,534	48,745	533,308
616 - Disease Management - UM Allocation *	56,128	49,793	40,852	54,370	64,544	47,913	47,786	47,786	47,989	47,380	46,200	486,072
Behavioral Health Treatment	498,079	385,379	454,810	409,975	524,033	387,953	438,629	464,101	469,373	425,629	461,225	4,576,478
Mental Health Services	63,645	122,453	96,062	319,743	431,902	290,129	458,142	(616,887)	321,217	(317,887)	112,722	1,281,531
Other Professional Services	1,027,749	965,677	968,482	892,942	1,075,750	1,051,165	1,041,504	972,326	1,075,739	934,103	1,111,072	11,106,449
TOTAL OTHER PROFESSIONAL SERVICES	2,973,811	2,788,474	2,996,590	2,911,566	3,414,591	3,111,370	2,964,061	3,254,300	3,251,121	3,323,654	4,150,323	35,139,812
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	4,490,225	4,169,595	50,578,974	
INPATIENT HOSPITAL	13,588,711	13,055,324	16,973,565	14,300,202	13,367,422	13,367,422	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	147,174,593
REINSURANCE EXPENSE PREMIUM	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,075	116,075	116,075	115,275	1,268,902
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	5,131,145	61,927,580
OTHER MEDICAL												
Ambulance	138,351	352,496	350,066	321,106	391,417	257,885	320,988	321,353	276,480	320,444	296,854	3,566,840
Home Health Services & CBAS	397,076	354,315	265,517	393,019	278,152	334,850	346,062	384,020	270,846	245,341	284,524	2,702,223
Utilization and Quality Review Expenses	384,192	441,175	225,751	159,266	214,649	243,855	202,768	387,423	203,185	214,813	443,550	2,540,659
Long Term SNF Hospice	999,058	777,653	925,259	686,828	808,473	789,253	838,025	891,450	1,146,414	1,218,127	995,381	10,061,126
Enhanced Medical Benefits	-	9,604	-	-	-	8,862	-	-	-	-	-	8,862
Provider Enhancement Expense	413,229	387,049	811,267	730,215	3,585,759	945,276	590,006	1,575,041	948,094	944,853	1,393,201	9,807,134
Non-Medical Transportation	-	-	-	-	-	807,951	939,236	871,513	813,011	906,315	1,029,584	8,413,377
TOTAL OTHER MEDICAL	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	3,382,963	3,057,129	4,234,340	3,605,940	3,863,995	4,451,124	37,725,095
PHARMACY SERVICES												
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	7,733,322	87,133,347
RX - MEP-C	729,042	557,006	600,369	500,230	483,336	454,893	734,583	839,377	726,518	524,928	536,568	6,726,850
RX - DME	620,941	570,130	608,997	643,269	823,066	618,977	568,882	564,653	733,321	524,910	595,116	6,867,262
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(163,400)	(163,400)	(28,482)	(66,344)	(66,733)	(1,325,949)
TOTAL PHARMACY SERVICES	9,767,063	8,544,614	9,369,495	8,793,635	9,303,737	8,567,706	9,437,752	8,687,417	8,667,417	9,382,074	8,798,273	99,380,510
PAY FOR PERFORMANCE QUALITY INCENTIVE	483,354	487,626	489,883	492,654	494,146	494,634	495,722	493,934	493,924	490,532	491,044	5,407,492
NON-CLAIMS EXPENSE ADJUSTMENT	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	-	20,638,587
IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,97,835)	342,052	1,872,269	566,662	1,438,167	4,196,430	1,883,180
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	53,362,449	53,549,587	54,170,337	609,634,603

	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	YEAR TO DATE 2018
KERN HEALTH SYSTEMS												
MEDICAL												
SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH NOVEMBER 30, 2018												
PHYSICIAN SERVICES												
Primary Care Physician Services	12.09	11.25	11.41	12.31	12.54	11.80	11.02	10.48	12.15	10.65	10.91	11.51
Referral Specialty Services	38.23	36.28	42.96	39.50	35.35	36.20	37.45	39.40	36.08	34.82	38.96	37.74
Urgent Care & After Hours Advice	4.42	4.14	9.31	6.81	5.97	4.58	4.76	4.90	6.15	5.81	5.12	5.64
Hospital-Admitting Team	0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
TOTAL PHYSICIAN SERVICES	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	54.93
OTHER PROFESSIONAL SERVICES												
Vision Service Capitation	1.00	1.02	1.03	0.93	1.00	1.00	1.00	1.00	1.00	1.01	1.00	1.00
221 - Business Intelligence	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	2.70	2.74	2.92	2.62	2.95	2.87	2.71
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.22	0.09	0.35	0.28	0.36	0.41	0.33
312 - Health Services - Education - UM Allocation *	0.31	0.27	0.32	0.29	0.32	0.35	0.32	0.34	0.33	0.37	0.35	0.33
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	0.35	0.32	0.34	0.33	0.37	0.35	0.33
314 - Health Services - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.19	0.19	0.21	0.22	0.24	0.20	0.20
616 - Disease Management - UM Allocation *	0.23	0.25	0.29	0.22	0.26	0.19	0.18	0.19	0.17	0.19	0.19	0.18
Behavior Health Treatment	2.02	1.58	1.86	1.99	2.12	1.57	0.54	5.93	2.02	5.04	5.95	2.78
Mental Health Services	0.26	0.50	0.59	1.30	1.17	1.85	1.85	2.50	1.30	1.50	0.46	0.47
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.25	3.77	3.94	4.36	3.77	4.53	4.11
TOTAL OTHER PROFESSIONAL SERVICES	17.67	17.11	21.47	18.25	19.33	18.50	18.50	18.48	18.35	18.31	16.98	18.71
EMERGENCY ROOM	56.53	53.55	69.30	58.05	53.65	56.16	52.73	52.18	53.29	53.29	37.30	54.43
INPATIENT HOSPITAL	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
REINSURANCE EXPENSE PREMIUM	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	22.90
OUTPATIENT HOSPITAL SERVICES	1.40	1.45	1.43	1.33	1.55	1.04	1.30	1.35	1.13	1.35	1.21	1.32
OTHER MEDICAL												
Ambulance	1.60	1.45	1.08	1.19	1.13	1.35	1.07	1.15	0.89	0.96	1.16	1.18
Home Health Services & CBAS	1.18	0.17	0.93	0.65	0.98	0.99	0.82	1.16	0.82	0.96	1.80	0.95
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	4.05	3.72
Long Term/SNF/Hospice	0.00	0.04	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.01
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provider Enhancement Expense	1.71	1.59	3.31	2.96	3.27	2.85	2.02	6.38	3.84	3.85	5.67	3.66
Non-Medical Transportation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER MEDICAL	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	15.95
PHARMACY SERVICES												
RX - Drugs & OTC	35.31	30.90	33.79	31.72	32.62	30.96	31.11	33.19	29.30	34.09	31.50	32.22
RX - HEP-C	3.02	2.28	2.45	2.03	1.96	1.84	2.96	3.40	2.94	2.30	2.19	2.49
RX - DME	2.57	2.34	2.49	2.61	3.33	2.50	2.29	2.29	2.97	2.13	2.42	2.54
RX - Pharmacy Rebates	(0.48)	(0.48)	(0.47)	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)	(0.12)	(0.27)	(0.27)	(0.42)
TOTAL PHARMACY SERVICES	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	36.76
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
NON-CLAIMS EXPENSE ADJUSTMENT	0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	(0.00)	7.63
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	17.09	0.70
Total Medical Costs	206.17	199.96	259.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	225.48

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED NOVEMBER 30, 2018			
234,885	242,034	2,610,241	2,691,210
150,901	144,770	1,444,274	1,592,448
391,695	394,578	4,115,381	4,340,326
1,477	3,170	3,436	34,822
206,956	319,532	2,093,541	3,514,796
468,511	450,030	5,141,073	4,961,860
91,159	100,658	974,433	1,107,242
76,096	87,087	912,103	946,942
36,437	32,757	305,087	360,330
(9,216)	553	2,119	6,087
143,037	116,044	1,300,794	1,291,465
48	2,325	39,466	25,575
19,800	23,972	209,456	263,697
202,104	201,520	2,279,419	2,220,208
421,684	511,180	5,380,290	5,622,922
301,692	537,702	3,161,547	3,717,073
56,112	59,285	629,994	652,139
44,693	49,901	491,762	596,799
48,384	62,897	527,493	691,855
139,457	151,777	1,462,224	1,671,832
-	(124,999)	-	(1,374,983)
3,025,912	3,366,775	33,084,133	34,934,646
			1,850,513

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED NOVEMBER 30, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 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	234,885	2,610,241
210 - Accounting	121,592	122,208	139,362	119,259	106,858	172,387	117,377	110,817	159,698	123,815	150,901	1,444,274
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	391,695	4,115,381
221 - Business Intelligence	122,020	134,571	151,816	129,810	151,271	(687,770)	53	127	-	61	1,477	3,436
225 - Infrastructure	126,761	233,198	186,762	250,471	163,797	146,181	164,738	297,752	191,786	135,139	206,956	2,093,541
230 - Claims	476,893	392,682	482,563	405,196	484,785	423,369	483,567	527,385	463,257	532,865	468,511	5,141,073
240 - Project Management	83,613	64,943	73,023	71,038	95,057	81,230	85,023	79,737	87,107	162,503	91,159	974,433
310 - Health Services - Utilization Management	5,036	(156)	768	270	(404)	483,745	95,558	83,371	87,215	80,604	76,096	912,103
311 - Health Services - Quality Improvement	10	358	329	-	-	102,349	78,633	29,275	28,412	29,284	36,437	305,087
312 - Health Services - Education	147	(130)	-	190	705	12	388	511	408	9,104	(9,216)	2,119
313 - Pharmacy	104,959	104,858	84,757	91,752	99,028	210,335	114,825	118,811	107,154	121,278	143,037	1,300,794
314 - Health Homes	83	(76)	99	698	(25)	2,930	11,049	18,160	5,403	1,097	48	39,466
616 - Disease Management	-	129	-	-	-	110,553	19,477	20,480	18,711	20,306	19,800	209,456
320 - Provider Relations	262,401	186,821	205,072	172,555	251,582	191,269	190,507	191,731	207,287	218,090	202,104	2,279,419
330 - Member Services	406,721	390,353	869,265	527,594	564,101	554,776	382,784	422,242	417,483	423,287	421,684	5,380,290
340 - Corporate Services	327,904	251,490	222,176	270,949	291,810	309,374	289,935	333,457	276,558	286,202	301,692	3,161,547
360 - Audit & Investigative Services	55,126	54,243	55,402	47,224	52,331	52,008	54,129	55,172	54,523	93,724	56,112	629,994
410 - Advertising Media	4,575	21,825	23,427	81,259	78,893	38,290	65,711	28,042	68,039	37,008	44,693	491,762
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	48,384	527,493
510 - Human Resources	116,481	126,047	143,307	103,305	127,668	139,886	141,279	149,836	131,507	143,451	139,457	1,462,224
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	3,025,912	33,084,133

**KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF NOVEMBER 30, 2018**

ASSETS	NOVEMBER 2018	OCTOBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,452,138	\$ 1,452,138	-
Interest Receivable	3,536	1,036	2,500
Prepaid Expenses & Other Current Assets	834	1,667	(833)
TOTAL CURRENT ASSETS	\$ 1,456,508	\$ 1,454,841	\$ 1,667

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	5,000	5,000	-
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	\$ 358,849	\$ 358,849	\$ -

NET POSITION:			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	16,632	14,965	1,667
Total Net Position	\$ 1,097,659	\$ 1,095,992	\$ 1,667
TOTAL LIABILITIES AND NET POSITION	\$ 1,456,508	\$ 1,454,841	\$ 1,667

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED NOVEMBER 30, 2018			YEAR-TO-DATE		
ENROLLMENT								
-	-	-	Members	-	-	-	-	-
REVENUES								
-	-	-	Premium	-	-	-	-	-
2,500	-	2,500	Interest	23,130	-	23,130	-	23,130
-	-	-	Other Investment Income	2,668	-	2,668	-	2,668
2,500	-	2,500	TOTAL REVENUES	25,798	-	25,798	-	25,798
EXPENSES								
-	-	-	Medical Costs	-	-	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-	-	-
-	-	-	Total Medical Costs	-	-	-	-	-
2,500	-	2,500	GROSS MARGIN	25,798	-	25,798	-	25,798
Administrative								
833	-	(833)	Management Fee Expense and Other Admin Exp	9,166	-	(9,166)	-	(9,166)
833	-	(833)	Total Administrative Expenses	9,166	-	(9,166)	-	(9,166)
833	-	(833)	TOTAL EXPENSES	9,166	-	(9,166)	-	(9,166)
1,667	-	1,667	OPERATING INCOME (LOSS)	16,632	-	16,632	-	16,632
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-
1,667	-	1,667	NET INCREASE (DECREASE) IN NET POSITION	16,632	-	16,632	-	16,632
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%	0%	0%
33%	0%	-33%	ADMINISTRATIVE EXPENSE RATIO	36%	0%	-36%	36%	0%

**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
MEDICAL												
ADULT AND FAMILY												
PA - FAMILY	34,790	34,221	34,687	33,840	33,542	33,859	33,475	33,694	34,300	33,768	33,774	
MN - FAMILY	0	0	0	0	0	0	0	0	0	0	0	0
REFUGEE - FAMILY	0	0	0	0	0	0	0	0	0	0	0	0
FOSTER CARE	707	679	719	731	701	713	729	713	707	699	686	
POVERTY-133/200%	1	1	1	1	1	1	1	1	1	1	2	0
POVERTY-100%	0	0	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	110,586	109,982	109,015	109,112	
CHILD-ACA	115	104	120	40	40	43	45	44	41	40	42	
FAMILY - UNDER 19	21,195	21,355	21,188	21,708	21,196	21,272	21,636	21,517	21,950	21,949	22,098	
SUB-TOTAL ADULT & FAMILY	163,941	165,085	166,093	166,501	166,685	166,684	167,094	166,555	166,981	165,473	165,712	0

2018 MEMBER MONTHS	373,950
0	0
7,784	7,784
11	11
0	0
1,207,321	1,207,321
674	674
237,064	237,064
1,826,804	1,826,804

MEDICAL EXPANSION	
LIHP Transition Pre-ACA	439
ACA Expansion Adult-Citizen	645,394
ACA Expansion CAL Fresh Adult	53
LIHP Transition Pre-ACA	5,099
SUB-TOTAL MANDATORY	650,985

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
52	52	52	52	52	28	49	48	47	47	61	6	6
57,307	58,118	58,262	59,224	58,660	59,413	59,517	59,152	58,697	58,700	58,344		
5	5	6	5	5	5	5	5	5	5	5	2	
380	389	454	418	539	508	488	474	531	498	430		
57,744	58,564	58,774	59,699	59,232	59,975	60,058	59,678	59,280	59,199	58,782	0	

SSI MEMBERS	
SSI-AGED	2,063
MN - AGED	16,777
SSI - BLIND & DISABLED	135,309
MN - BLIND & DISABLED	5,451
SUB-TOTAL MANDATORY SPD	159,600
TOTAL MANDATORY	2,637,389

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
191	182	174	186	186	186	195	168	193	192	205	191	
1,457	1,414	1,533	1,483	1,544	1,551	1,558	1,587	1,534	1,541	1,575		
12,242	12,366	12,213	12,177	12,373	12,386	12,386	12,298	12,281	12,272	12,229	12,472	
259	358	334	356	1,121	458	608	493	448	487	521		
14,149	14,320	14,254	14,202	15,224	14,590	14,630	14,554	14,446	14,472	14,759	0	
235,834	237,969	239,121	240,402	241,141	241,249	241,782	240,787	240,707	239,144	239,253	0	

OTHER MEMBERS	
BCCTP-TOBACCO SETTLEMENT	262

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
28	26	25	24	24	24	23	23	23	22	21	23	

DUALS	
PA - FAMILY DUALS	191
PART D SSI - AGED	8,839
PART D MN - AGED	15,229
PART D SSI - BLIND & DISABLED	26,527
PART D MN - BLIND & DISABLED	11,040
PART D BCCTP-TOBACCO SETTLEMENT	10
PART D MI - ADULT	0
PART D MI - CHILD	4,259
SUB-TOTAL DUALS	66,095

	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
24	14	19	23	23	8	19	25	16	15	23	21	
771	776	767	784	805	787	836	836	798	848	830	837	
1,295	1,364	1,331	1,359	1,390	1,364	1,364	1,364	1,399	1,439	1,434	1,490	
2,338	2,300	2,314	2,369	2,324	2,463	2,433	2,453	2,559	2,525	2,399	2,483	
1,038	978	973	980	983	980	991	1,011	1,030	1,035	1,041		
3	1	1	0	0	0	0	0	0	1	2	2	
0	0	0	0	0	0	0	0	0	0	0	0	
346	385	390	386	414	432	407	374	375	378	372		
5,815	5,818	5,795	5,921	5,908	6,045	6,056	6,157	6,233	6,101	6,246	0	

TOTAL OTHERS	66,357
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	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
5,843	5,844	5,820	5,945	5,932	6,068	6,079	6,180	6,255	6,122	6,269	0	

TOTAL KAISER	90,720
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	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
7,991	8,160	8,225	8,267	8,307	8,294	8,278	8,340	8,291	8,284	8,283	0	

TOTAL MEDICAL MEMBERS	2,794,466
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	JAN'18	FEB'18	MAR'18	APR'18	MAY'18	JUN'18	JUL'18	AUG'18	SEP'18	OCT'18	NOV'18	DEC'18
249,668	251,973	253,166	254,614	255,380	255,611	256,139	255,307	255,253	253,560	253,805	0	



November AP Vendor Report
Amount over \$10,000.00

Vendor	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	2,545,636.73	11,771,024.67	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1001	KERN MEDICAL CENTER	918,290.91	1,438,482.13	HEALTH HOME GRANT	HEALTH HOME
T1045	KAISER FOUNDATION HEALTH	424,804.67	4,413,477.32	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	405,314.93	766,522.03	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT IN PROGRESS
T4350	COMPUTER ENTERPRISE INC.	353,332.36	1,908,864.46	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4699	ZeOMEGA, INC.	175,012.13	1,906,564.85	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4237	FLUIDEDGE CONSULTING, INC.	155,451.42	1,899,947.26	CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	137,993.58	226,105.71	HEALTH HOME GRANT	HEALTH HOME GRANTS
T4331	COTIVITI, INC***	137,742.60	137,742.60	QUALITY INTELLIGENCE ANNUAL LICENSE FEE	QUALITY IMPROVEMENT
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	105,504.38	848,830.27	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T2726	DST PHARMACY SOLUTIONS, INC.	100,127.63	1,038,800.34	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION***	100,000.00	100,000.00	VALLEY FEVER INSTITUTE DONATION	MARKETING
T4582	HEALTHX, INC.	78,400.00	469,100.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T4391	OMNI FAMILY HEALTH	74,129.95	989,578.75	HEALTH HOME GRANT	HEALTH HOME GRANTS
T4873	L5 HEALTHCARE SOLUTIONS, INC.	66,000.00	132,000.00	CLAIMS AUDIT TOOLS IMPLEMENTATION FEE	MIS INFRASTRUCTURE
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	55,806.00	157,398.20	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4193	TECHNOSOCIALWORX.COM DBA STRIA	46,971.12	388,413.49	OCR SERVICES	CLAIMS
T2707	ACT 1 PERSONNEL SERVICES, INC.	46,345.60	282,128.06	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS



November AP Vendor Report
Amount over \$10,000.00

Vendor	Vendor Name	Current Month	Year-to-Date	Description	Department
T4696	ZNALYTICS, LLC	45,360.00	639,083.24	PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T4483	PREMIER VALLEY MEDICAL GROUP***	41,289.75	46,105.75	HEALTH HOME GRANT	HEALTH HOME
T2584	UNITED STATES POSTAL SVC.-HASLER	40,000.00	170,000.00	POSTAGE-METERED	VARIOUS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	31,665.00	70,274.00	ANNUAL DUES	ADMINISTRATION
T4308	TRUXTUN PLACE PARTNERS	29,785.30	335,035.88	TRUXTUN- LEASE & UTILITIES	CORPORATE SERVICES
T4583	SOILS ENGINEERING, INC.	29,550.56	123,505.45	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDATION	CAPITAL PROJECT-NEW BUILDING
T4792	KP LLC	27,734.25	101,412.84	DRUG FORMULARY	PHARMACY
T4955	DOGHOUSE GRILL LLC***	27,331.00	27,331.00	CATERING SERVICE --ANNUAL EMPLOYEE RECOGNITION LUNCH	MARKETING
T1272	COFFEY COMMUNICATIONS INC.	26,849.76	162,055.32	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T3011	OFFICE ALLY, INC.	24,780.00	196,358.00	2018 EDI CLAIM PROCESSING	CLAIMS
T1861	CERIDIAN HCM, INC.	22,526.65	121,941.24	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4967	ADMINISTRATIVE SOLUTIONS, INC.	22,096.80	60,146.34	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4977	HE T4 SOLUTIONS, LLC	19,958.58	38,032.46	2018 TRAVEL EXPENSES -PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T4396	KAISER FOUNDATION HEALTH-DHMO	17,122.89	182,418.40	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4521	PAYSCALE, INC. ***	16,000.00	16,000.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	15,055.82	159,289.03	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4882	NGC US, LLC	15,000.00	103,340.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T5014	MARY EMILY OUTHWAITE****	15,000.00	15,000.00	CONTRACT TO ASSIST IN THE SEARCH OF QI DIRECTOR	HUMAN RESOURCES



November AP Vendor Report
Amount over \$10,000.00

Vendor	Vendor Name	Current Month	Year-to-Date	Description	Department
T4460	PAYSPAN, INC	14,455.07	167,899.76	2018 ELECTRONIC CLAIMS FOR HEALTHCARE PAYERS & PROVIDERS W/PRINT & MAIL SERVICES , W/ EFT PAYMENTS	CLAIMS
T1005	COLONIAL LIFE & ACCIDENT	11,814.86	23,695.94	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4654	DELAWIE	11,332.00	126,394.19	2018 ARCHITECTURAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T2413	TREK IMAGING INC	11,189.36	230,235.29	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
		<u>6,442,761.66</u>			
	TOTAL VENDORS OVER \$10,000	6,442,761.66			
	TOTAL VENDORS UNDER \$10,000	280,439.25			
	TOTAL VENDOR EXPENSES- NOVEMBER	<u><u>6,723,200.91</u></u>			

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



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4290	S C ANDERSON, INC	11,771,024.67	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	4,413,477.32	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
T4350	COMPUTER ENTERPRISE INC.	1,908,864.46	JAN - AUG. 2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4699	ZeOMEGA, INC.	1,906,564.85	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4237	FLUIDEDGE CONSULTING, INC.	1,899,947.26	NOV. - DEC. 2017 - JAN - AUG 2018 CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T1001	KERN MEDICAL CENTER	1,438,482.13	HEALTH HOME GRANTS	HEALTH HOME
T1071	CLINICA SIERRA VISTA	1,175,120.44	2018 MEDICAL RESPITE PROGRAM / PROVIDER RECRUITMENT-RETENTION GRANT	HEALTH SERVICES - UM / COMMUNITY GRANTS
T2726	DST PHARMACY SOLUTIONS, INC.	1,038,800.34	PHARMACY AND CLAIMS PROCESSING JANUARY - AUG 2018	PHARMACY
T4391	OMNI FAMILY HEALTH	989,578.75	SEPT - DEC. 2017 - MAY 2018 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	848,830.27	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	766,522.03	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT-NEW BUILDING
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 & NFLOOD 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/PROVIDE
T4696	ZNALYTICS, LLC	639,083.24	JAN - JULY, 2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3449	CDW GOVERNMENT	623,273.70	HARDWARE AND LICENSES - 20 ADOBE ACR0 LICENSES, 15 CISCO IP PHONES & LICENSES, 1 PROJECTOR SURFACE PRO DOCKS, ACCESSORIES, SOFTWARE	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	599,840.68	SOFTWARE LICENSE - HEALTH CARE MANAGEMENT 6/5/18-6/4/19	UTILIZATION MANAGEMENT
T2167	PG&E	546,460.77	NEW BUILDING UNDERGROUND UTILITIES/ANNUAL TRUE-UP FOR 2017 USAGE/UTILITIES	CAPITAL PROJECT IN PROGRESS - NEW BUI
T1408	DELL MARKETING L.P.	493,983.06	HARDWARE- 6- LATTITUDE E5480, 1 DELL SMART PRINTER, 6570, 20 OPTIPLEX 3050 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T3460	THE GUARDIAN LIFE INSURANCE CO.	470,213.63	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4582	HEALTHX, INC.	469,100.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER F
T4695	EDIFECS, INC.	429,837.85	JAN - JULY, 2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	388,413.49	2018 OCR SERVICES	CLAIMS
T2292	CITY OF BAKERSFIELD	354,638.95	BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUILDING/
T4685	NATIONAL GIFT CARD CORP	336,311.40	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T4308	TRUXTUN PLACE PARTNERS	335,035.88	TRUXTUN- 2018 LEASE & UTILITIES	CORPORATE SERVICES
T4902	CHANGE HEALTHCARE LLC	289,362.22	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T2707	ACT 1 PERSONNEL SERVICES, INC.	282,128.06	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	247,162.24	2018-2019 (1ST SEMESTER) MHC ANNUAL ASSESSMENT	ADMINISTRATION
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	230,235.29	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	226,105.71	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T4165	SHI INTERNATIONAL CO.	213,745.65	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.	196,358.00	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	182,418.40	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T2584	UNITED STATES POSTAL SVC-HASLER	170,000.00	POSTAGE-METERED	VARIOUS
T4460	PAYSPAN, INC	167,899.76	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	162,055.32	NEWSLETTER PUBLICATION/MAILING	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	159,289.03	2018 EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	157,398.20	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4331	COTIVITI, INC**	137,742.60	QUALITY INTELLIGENCE ANNUAL LICENSE FEE	QUALITY IMPROVEMENT
T4873	L5 HEALTHCARE SOLUTIONS, INC.	132,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4452	WELLS FARGO	126,990.25	EXECUTIVE MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T4654	DELAWARE	126,394.19	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT ARCHITECTURAL
T4583	SOILS ENGINEERING INC	123,505.45	SOIL SAMPLING OBSERVATION - OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT-NEW BUILDING
T1861	CEREDIAN BENEFITS SERVICES	121,941.24	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T2469	DST HEALTH SOLUTIONS, INC.	116,800.00	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4982	NGC US, LLC	103,340.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T4792	KP LLC	101,412.84	DRUG FORMULARY	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION	100,000.00	VALLEY FEVER INSTITUTE DONATION	MARKETING
T4801	ZEAL STAFFING LLC DBA Z STAFFING	98,395.76	TEMPORARY LABOR	VARIOUS
T1960	LOCAL HEALTH PLANS OF CA INC	97,377.08	2018/2019 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T2933	SIERRA PRINTERS, INC.	97,169.45	MEMBER EDUCATION MATERIAL / PROVIDER DIRECTORY	VARIOUS
T4467	MEDISOFTX, LLC,	95,985.18	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T2961	SOLUTION BENCH, LLC	89,212.32	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	85,189.00	JANITORIAL SERVICES	CORPORATE SERVICES
T2918	STINSON S	80,530.64	OFFICE SUPPLIES	VARIOUS
T2287	CALIFORNIA WATER SERVICE	78,922.73	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4785	COMMIGAP	78,862.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T4421	JON SLAGLE	72,122.40	ADVERTISING CAMPAIGN - 75%	MARKETING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	70,274.00	2018 ANNUAL DUES ASSESSMENT CAHP SEMINAR FEES	ADMINISTRATION
T1785	AT&T	67,302.18	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROGRESS / MIS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2018 ACAP DUES	ADMINISTRATION
T1644	BRIGHT HOUSE NETWORK	64,329.19	UNDERGROUND UTILITIES FOR NEW BUILDING.INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T1597	BAKERSFIELD MEMORIAL HOSP	64,186.85	DEC., 2017 BMH GROW CLINIC	COMMUNITY GRANTS
T4899	SUMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4967	ADMINISTRATIVE SOLUTIONS, INC	60,146.34	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T4884	GAINES SOLUTIONS , INC.	60,000.00	ANNUAL HOSTING FEE (SPR/SPI) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T3077	VMWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	MIS
T2446	AT&T MOBILITY	55,781.64	CELLULAR PHONE / INTERNET	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
T1128	HALL LETTER SHOP INC.	51,978.66	NEW MEMBER PACKETS / MEMBERSHIP CARDS	MEMBER SERVICES
T4603	ECFIRST.COM	51,481.29	PROFESSIONAL SERVICES -INFORMATION SYSTEM HIPAA SECURITY	CAPITAL PROJECT IN PROCESS
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	49,121.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T4561	SRI & SHARMA, LLC	48,125.00	PARKING RENTAL	CORPORATE SERVICES
T2969	AMERICAN BUSINESS MACHINES INC	47,774.00	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE
T4483	PREMIER VALLEY MEDICAL GROUP	46,105.75	HEALTH HOME GRANT	HEALTH HOME
T4733	UNITED STAFFING ASSOCIATES	46,088.49	TEMPORARY LABOR	VARIOUS
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
T3986	JACQUELYN S JANS	45,450.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T4653	FORMS ON FIRE INC	45,268.25	FORMS ON FIRE-SITE REVIEW AUTOMATION PROJECT-FORM DESIGN FOR 5 FORMS	CAPITAL PROJECT IN PROCESS
T1180	LANGUAGE LINE SERVICES, INC	44,917.49	INTERPRETATION SERVICES	MEMBER SERVICES



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT, & RETENTION GRANT	COMMUNITY GRANTS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	43,900.00	BILLBOARD ADVERTISING	MEDIA & ADVERTISING
T4739	SECURITAS SECURITY SERVICES USA INC	42,456.96	SECURITY SERVICES	CORPORATE
T4637	BURKE, WILLIAMS & SORENSEN, LLP	40,290.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING) -	CAPITAL PROJECT-NEW BUILDING
T4216	NEXSTAR BROADCASTING INC	39,525.00	MEDIA - ADVERTISEMENTS	MARKETING
T4501	ALLIED UNIVERSAL SECURITY SERVICES	39,307.25	ONSITE SECURITY	CORPORATE SERVICES
T4945	SHERRIA CREGGETT	38,806.41	2018 CONSULTING SERVICES HHP OUTREACH PROGRAM DEVELOPMENT	HEALTH HOME
T1957	MERCY FOUNDATION-BAKERSFIELD	38,500.00	DAVINCI CAMPAIGN SPONSORSHIP	ADMINISTRATION
T4876	CIRESON, LLC	38,034.00	BUSINESS MANAGEMENT SOLUTIONS, LICENSES, SOFTWARE, 3 YR MAINTENANCE & SUPPORT, CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4977	HE T4 SOLUTIONS, LLC ****	38,032.46	PROFESSIONAL CONSULTANTS BASED ON TIME AND MATERIAL BASIS	MIS
T3084	KERN COUNTY - COUNTY COUNSEL	38,021.40	LEGAL FEES	ADMINISTRATIVE
T4607	AGILITY RECOVERY SOLUTIONS INC. ****	36,288.00	PROVIDES DISASTER RECOVERY & BUSINESS CONTINUITY	DISASTER RECOVERY
T2941	KERN PRINT SERVICES INC	36,275.21	ENVELOPES AND LETTERHEAD WELL CHILD INCENTIVE VOUCHERS	CORPORATE SERVICES, HEALTH EDUCATION
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
T2441	LAURA BREZINSKI	33,105.00	MARKETING MATERIALS	MARKETING
T4228	THE SSI GROUP, LLC	33,011.00	EDI CLAIMS	CLAIMS
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	32,160.00	LEGAL SERVICES	ADMINISTRATION
T4657	DAPONDE SZABO ROWE PC	32,067.50	CONSULTING SERVICES TO REVIEW CONTRACTS	PROVIDER RELATIONS



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1022	UNUM LIFE INSURANCE CO.	31,822.00	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T3990	SPARKLETTS, INC	29,906.32	BOTTLED WATER SERVICE	VARIOUS
T4182	THE LAMAR COMPANIES	29,629.00	PRODUCTION FEE FOR ADS ON BUSES	MARKETING
T1347	ADVANCED DATA STORAGE	27,714.80	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T4955	DOGHOUSE GRILL LLC**	27,331.00	COMPANY PICNIC - 2018 CATERING	MARKETING
T1189	APPLE ONE INC	27,317.36	TEMPORARY LABOR	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
T4195	SCRIPPS MEDIA , INC DBA KERO-TV	25,253.25	MEDIA - TELEVISION ADVERTISEMENTS	MARKETING
T4708	HEALTH MANAGEMENT ASSOCIATES INC	25,046.25	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	24,750.00	LEASE AGREEMENT PARKING SPACE -STOCKDALE HWAY	CORPORATE SERVICES
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
T1005	COLONIAL LIFE & ACCIDENT***	23,695.94	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T1650	UNIVISION TELEVISION GROUP	23,461.70	TELEVISION ADVERTISEMENT WITH THE GOAL OF MEMBER RETENTION	MARKETING
T4992	CJM AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CH	23,228.65	ADDITIONAL CAR FOR KHS - 2018 DODGE CARAVAN	CORPORATE SERVICE
T4497	SKILLSOFT CORPORATION	20,836.93	ANNUAL LICENSE FEE- ON LINE TRAINING & DESKTOP VIDEOS	HUMAN RESOURCE
T4587	MCINTOSH & ASSOCIATE	20,322.01	PROFESSIONAL SERVICES ENGINEERING NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T4198	LAW OFFICES OF CARL SHUSTERMAN	20,180.00	LEGAL SERVICES- H-1B D. YAVAD & M. KUMAR	ADMINISTRATION



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4417	KAISER FOUNDATION HEALTH PLAN	20,071.89	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4731	LOGMEIN USA INC	19,651.80	GoToMEETINGS CORPORATE SERVICES / GoTo WEBINAR SERVICE	MIS
T4503	VISION SERVICE PLAN	19,498.24	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4883	MARTHA TASINGA	18,913.94	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T4544	BARNES WEALTH MANAGEMENT GROUP	18,375.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
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 & MISCELLANEOUS FEES	QUALITY IMPROVEMENT
T4747	SYED ALAM, M.D. INC.	17,500.00	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
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
T1032	THE BAKERSFIELD CALIFORNIAN	17,312.47	EMPLOYMENT AD	HUMAN RESOURCE
T2955	DELTA ELECTRIC INC	17,121.00	PROPOSAL FOR RELOCATION OF 2ND CCTV CAMERA & SEALING OF ELEVEN AT STOCKDALE	CORPORATE SERVICES
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



November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4621	PAYSCALE, INC.***	16,000.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T4925	VMEDU, INC	16,000.00	PMP ON-SITE TRAINING (JUNE 11-14,2018)	PROJECT MANAGEMENT
T4230	COFFEE BREAK SERVICE INC	15,921.43	COFFEE SUPPLIES -STOCKDALE & TRUXTUN	CORPORATE SERVICE
T3378	CARRIER CORPORATION	15,810.94	SERVICE AGREEMENT	CORPORATE SERVICE
T4932	CHARTER COMMUNICATIONS HOLDINGS,LLC DBA SPECTRUM REACH	15,281.55	TELEVISION ADVERTISEMENT WITH GOAL OF MEMBER RETENTION	MARKETING
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
T5014	MARY EMILY OUTHWAITE**	15,000.00	CONTRACT TO ASSIST IN THE SEARCH OF QI DIRECTOR	HUMAN RESOURCES
T2407	KAISER FOUNDATION HEALTH	14,949.08	COBRA-INSURANCE	PAYROLL DEDUCTION
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T2562	CACTUS SOFTWARE LLC ***	14,000.00	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
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
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA****	13,019.12	EXECUTIVES INSURANCE BENEFITS	ADMINISTRATION
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

KERN·HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
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
T2505	DERREL'S MINI STORAGE, INC.	12,033.20	RENT STORAGE	CORPORATE SERVICES
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	12,000.00	2018 CHILDREN & FAMILIES GATSBY GALA	MARKETING
T1152	MICHAEL K. BROWN LANDSCAPE INC.	11,992.33	BUILDING MAINTENANCE	CORPORATE SERVICES
T4683	CLAUDIA M. BACA	11,875.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4239	COAST TO COAST COMPUTER PRODUCTS	11,870.69	COMPUTER PRODUCTS	CORPORATE SERVICES
T4935	RKL LLP	11,866.37	SAGE LICENSE RENEWAL & 3 ADDITIONAL USERS	ACCOUNTING
T4786	LOST HILLS UNION SCHOOL DISTRICT	11,550.00	SCHOOL WELLNESS GRANT FUNDS	HEALTH EDUCATION
T3465	JMP BUSINESS SYSTEMS INC	11,174.18	HASLER BULK MAILER PROFESSIONAL SOFTWARE MACHINE	CORPORATE SERVICES
T4594	MEDVERSANT TECHNOLOGIES LLC	11,000.00	MONTHLY MONITORING FEES	PROVIDER RELATIONS
T1263	THE GAS COMPANY	10,987.17	UTILITIES	CORPORATE SERVICES
T2300	AT&T LONG DISTANCE***	10,930.89	LONG DISTANCE	MIS
T4968	ZIPRECRUITER, INS	10,790.99	REUSABLE ONLINE JOB SLOTS. IT PROVIDES CANDIDATE SEARCH CAPABILITIES, USE FREE-TEXT "SCREENING QUESTIONS", HELP PRE-SCREEN/FILTER CANDIDATES.	HUMAN RESOURCE
T4871	KATHRYN HARPER**	10,500.00	2017-2018 TUITION REIMBURSEMENT	HUMAN RESOURCE
T4933	HOLLY J. CULHANE DBA PROFESSIONAL ADMINISTRAT	10,500.00	PROFESSIONAL ADMINISTRATIVE SYSTEMS	ADMINISTRATION
T1996	SEQUOIA SANDWICH CO	10,469.72	MEETING FOOD EXPENSES	VARIOUS

KERN•HEALTH SYSTEMS

November AP Vendor Report
Amount over \$10,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4431	ALAN AVERY***	10,259.53	EMPLOYEE TRAVEL AND MILEAGE REIMBURSEMENT	ADMINISTRATION
T4707	SHAFTER PEDIATRICS	10,144.82	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T4961	ALLEGIS GROUP HOLDINGS, INC.	10,050.91	TEMPORARY EMPLOYEE SERVICES	UTILIZATION MANAGEMENT
T3502	VIRTUAL GRIFFITI, INC	10,041.54	SOFTWARE LICENSE - 2018	MIS
T4936	SEEPPOINT, LLC	10,026.89	VANTAGEPOINT KIOSK SYSTEM 5/30/18-5/29/19 PURCHASE AND MAINTENANCE	MIS
		46,447,479.01		
	TOTAL VENDORS OVER \$10,000	46,447,479.01		
	TOTAL VENDORS UNDER \$10,000	875,535.90		
	TOTAL VENDOR EXPENSES- November	47,323,014.91		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
Jacquelyn Janis	\$50,004.00	Yes	MRK	Louie Iurriria	Marketing and corporate image consulting	1/1/2018	12/31/2018
Poppyrock	\$36,000.00	Yes	MRK	Louie Iurriria	Graphic design services	1/1/2018	12/31/2018
Medisoft, Rx	\$84,680.00	Yes	IT	Richard Pruitt	Software solutions for HHP	1/1/2018	6/30/2018
J Services	\$90,120.00	Yes	CS	Alonso Hurtado	Janitorial services	1/1/2018	12/31/2018
February							
Gaine 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
March							
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
April							
Micro-Dyn	\$53,880.00	Yes	IT	Richard Pruitt	APR-DRG Groupware Software licenses	4/15/2018	4/15/2019
SPH Analytics	\$45,286.00	Yes	MS/PR	Nate Scott/Emily Duran	Custom member & provider satisfaction survey	4/10/2018	4/9/2019
ZeOmega	\$33,450.00	Yes	UM	Deborah Murr	Appeals Implementation (Quote#483)	4/10/2018	12/31/2018
ZeOmega	\$78,300.00	Yes	UM	Deborah Murr	Auto Authorization Implementation (Quote#484)	4/10/2018	12/31/2018
Dell	\$99,549.41	Yes	MIS	Richard Pruitt	Citrix Licenses with support and NetScaler with support	4/10/2018	4/10/2021
May							
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
June							
Stria, LLC	\$84,000.00	Yes	CLM	Robin Dow-Morales	OCR services for paper medical claims	6/1/2018	8/31/2018
Nexstar Broadcaststing	\$53,850.00	Yes	MKT	Louie Iurriria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Scripps-KERO	\$39,995.00	Yes	MKT	Louie Iurriria	English & Spanish TV advertisements	6/12/2018	12/31/2018
Univision	\$33,915.00	Yes	MKT	Louie Iurriria	Spanish TV advertisements	6/12/2018	12/31/2018
Commigap	\$65,000.00	Yes	HE	Isabel Silva	Interpreter services for members	7/6/2018	7/5/2019
July							
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 QIDGA support & implementation	7/23/2018	12/31/2018
August							
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
September							
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
October							
Med Exec. Solutions	\$49,950.00	Yes	HR	Anita Martin	OI 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
November							
PayScale	\$48,000.00	Yes	HR	Anita Martin	Compensation study and salary analytics	11/24/2018	11/23/2021
December							
CPAC, Inc.	\$32,945.42	Yes	IT	Richard Pruitt	Diagenix voice survey & Nuance speech recognition software	12/31/2018	12/31/2019

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
FEBRUARY 14, 2019**

Legal Name DBA Name	Specialty	Address	Comments	Contract Effective Date
Slamat Ali dba: Slamant Ali MD PC / Bakersfield Kidney Center	Nephrology	8605 Camino Media Suite 300 Bakersfield, CA 93311	Provider already credentialed with KHS	3/1/2019
August David Accetta, MD	OB/GYN	9730 Brimhall Rd #1, Bakersfield Ca 93312	Provider already credentialed with KHS	3/1/2019
Kathleen E. Huggins dba: Simply Mama	DME	2705 McMillan Avenue Suite 130 San Luis Obispo, CA 93401	DME Supplier: Breast Pumps	3/1/2019

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
FEBRUARY 14, 2019**

Legal Name DBA	Specialty	Address	Comments	Effective Date
Jose Lagunda, MD	Pediatrics	3535 San Dimas Street Ste. 12 Bakersfield CA 93301	Closed Private Practice & joined Omni Full-time	12/17/2018
Jum K. Min, MD	OB/GYN	4050 San Dimas Street Ste. A Bakersfield CA 93301	Retired	12/31/2018
Linda Warnick, LMFT	Marriage/Fam Therapy	2920 H Street Ste. 122 Bakersfield CA 93301	Personal Reasons	12/31/2018
Thomas D. Ferro, MD	Orthopedic Surgery	2701 Chester Avenue Ste. 102 Bakersfield CA 93301	Resigned / Termed Contract	1/14/2019



To: KHS Board of Directors
From: Alan Avery, COO
Date: February 14, 2019
Re: 2018 Member Satisfaction Survey

Background

Kern Health Systems (KHS), in partnership with participating providers, is committed to meeting the expectations of our members as they interact with the health plan and when receiving health care services through our provider network. Annually, KHS conducts a Member Satisfaction Survey to measure and evaluate how well we are meeting members' expectations.

As we continue to develop and implement the goals and objectives of the KHS Strategic Plan, our annual Member Satisfaction Survey remains an important tool in this effort. For the past three years KHS has engaged SPH Analytics to conduct our Member Satisfaction Survey. SPH Analytics is a CMS and NCQA approved Medicaid, Medicare & Commercial Health Plan survey vendor. SPH Analytics utilizes scores from various benchmarks to provide comparison trending data for the results from member responses to the 44 questions provided on the survey.

The 2018 Member Satisfaction Survey results show that overall, 88% of our members are satisfied with KHS compared to the industry benchmark of 75.9%. As we look to the future will endeavor to continue on the member centric path encouraging the use of the Member Portal and the self-service tools available there and by listening to the voice of our members through the results of the annual Member Satisfaction Survey.

Requested Action

Receive and File.



2018 Member Satisfaction Survey



Overview

- The Kern Family Health Care (KFHC) Member Satisfaction Survey is conducted annually by SPH Analytics, a CMS and NCQA approved health plan survey vendor, to measure member satisfaction with KFHC, their providers and provider access
- SPH provides scores from Quality Compass® (QC) All Plans benchmark and their ECHO Book of Business for assessment of how KFHC member satisfaction scores compare with those of other plans
- The Member Satisfaction Survey was conducted from June to August of 2018
 - A sampling of 4000 KFHC eligible member households was selected
 - 864 surveys were completed
 - 426 by mail
 - 438 by phone
 - Achieved a 95% survey confidence level

kernfamilyhealthcare.com





Respondent Demographics

- 97% Have been a member of KHS for more than a year
- 90% Understand their benefits
- 78% Get benefit information by calling KHS Member Services
- Language
 - 59% English
 - 41% Spanish
- 89% have cell phones
 - 81% of those are Smart phones



Presentation of Results

Definitions

- **Summary Rate** is the proportion of respondents who selected the most positive response options ("Usually" and "Always;" "Never" and "Sometimes;" "Yes;" "8-10;" "Less than 1 minute;" and "Within 2 days" and "Within 3 weeks") for the attribute.
- **Attributes** are the individual questions that focus on specific characteristics of the health plan.
- **Composites** are calculated by taking the average of the Summary Rates of the attributes in the specified section.
- **2017 SPH ECHO Book of Business** consists of data from 48 plans representing 13,852 Behavioral Health Services User respondents.
- **2017 Quality Compass® All Plans Benchmark** is the mean summary rate from the Medicaid adult plans that submitted to NCQA in 2017 (175 plan-specific samples).



Presentation of Results

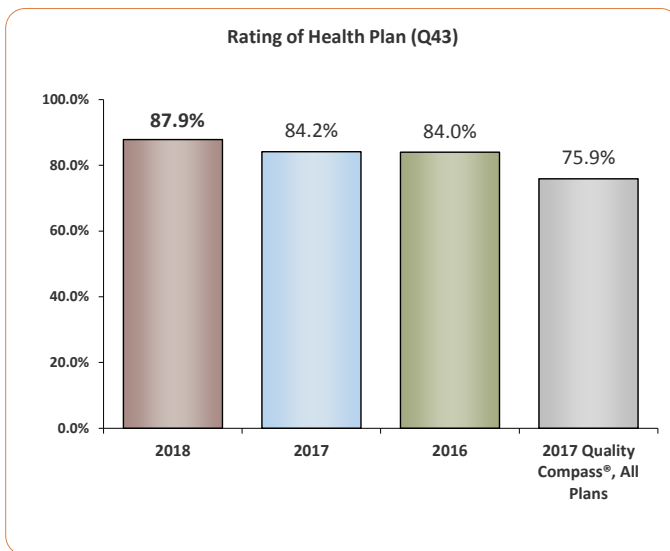
2018 Summary Rate Scores

Composites	2018 Summary Rates	2017 Summary Rates	2016 Summary Rates	To 2017 *	To 2016 *	2017 QC or SPH ECHO BoB Summary Rates
Customer Service	88.5%	82.8%	84.7%			88.2%
Personal Doctor	85.5%	81.5%	82.6%			91.4%
Personal Doctor - Illness/Health Condition	77.1%	73.8%	72.0%			NA
Access to Care	75.7%	70.2%	69.7%			82.7%
Specialty Care	76.7%	74.7%	74.9%			79.8%
Access to Counseling or Treatment	71.2%	73.2%	70.9%			74.5%
Item-Specific Attributes/Rating Item						
Rating of Personal Doctor (Q29)	81.4%	75.4%	75.2%	↑	↑	81.2%
Rating of Health Plan (Q43)	87.9%	84.2%	84.0%	↑	↑	75.9%



Analysis of Major Variances

Rating of Health Plan

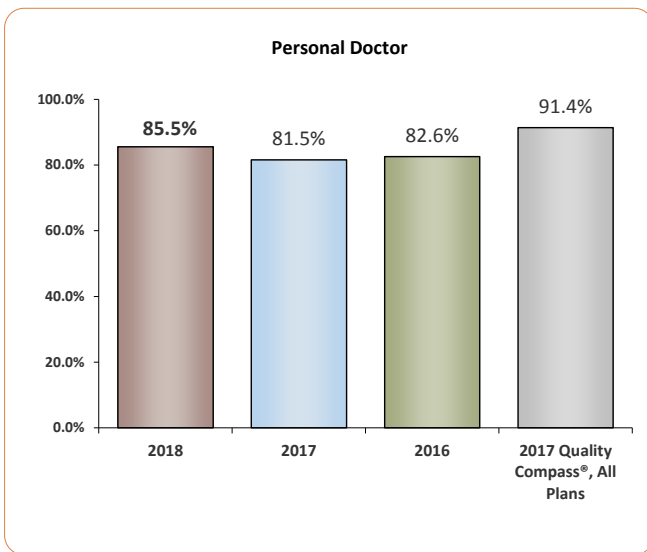


- Rating of Health Plan (87.9%) has **increased** compared to 2016 and 2017 data (84.0% and 84.2% respectively), and is also **higher** than the 2017 Quality Compass®, All Plans Benchmark (75.9%).
- Spanish speaking respondents Rating of the Health Plan significantly higher than English speaking members:
 - Spanish = SRS 96.0%
 - English = SRS 81.8%



Analysis of Major Variances

Rating of Personal Doctor

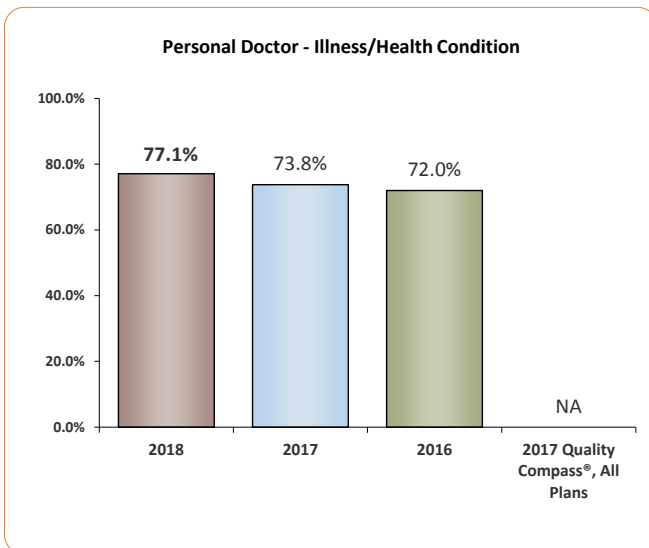


- Although Personal Doctor (85.5%) is **lower** when compared to the 2017 Quality Compass®, All Plans Benchmark (91.4%), there is an **upward trend** when compared to 2017 (81.5%) and 2016 (82.6%) results
- Spanish speaking respondents' Rating of the Personal Doctor is significantly higher:
 - Spanish = SRS 86.7%
 - English = SRS 77.7%



Analysis of Major Variances

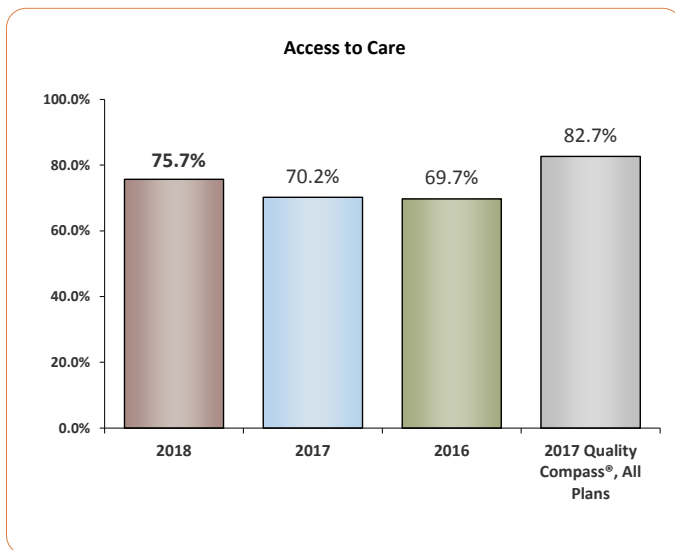
Rating of Personal Doctor - Illness/Health Condition



- While the Personal Doctor – Illness/Health Condition composite is not comparable to a benchmark, an average of over 7 out of 10 members for all three years agreed that their personal doctor “usually or always:”
 - explained to them how to treat their illness or diagnosis, and
 - provided them with written information about their illness or diagnosis.
- Additionally, over 7 out of 10 members in all three years reported that they were “never or sometimes:”
 - confused or didn't understand what the doctor said about their medical condition or what they needed to do about it.



Analysis of Major Variances Rating of Access to Care



- Although Access to Care (75.7%) is **lower** when compared to the 2017 Quality Compass®, All Plans Benchmark (82.7%), there is an **upward trend** when compared to the 2017 (70.2%) and 2016 (69.7%) results



Noteworthy Trends

- Several questions not calculated in a composite score were rated **higher** when compared to 2017 and 2016 trend data. These questions measure the effectiveness of member engagement efforts showing an upward trend according to the responses:
 - Do you feel you understand your KFHC benefits? (**90.4% selected “Yes” in 2018** compared to 85.6% in 2017 and 86.6% in 2016)
 - Our Member Portal is available to you 24 hours a day, seven days a week with self-service tools that includes getting your Member ID Card, searching for network providers, pharmacies, and urgent care centers, requesting a doctor change, viewing and searching the covered drug list, viewing our health and wellness class schedules, and many other resources. Will you use it? (**88.5% selected “Yes” in 2018** and 82.0% in 2016)
 - In the last 6 months, did you get information or help from KFHC’s Member Services Department? (**51.8% selected “Yes” in 2018** and 46.1% in 2017)

Next Steps

- Continue to look for opportunities to increase patient access through:
 - Partnering with PCP and Specialty providers to increase access to health care
 - Monitoring and measuring the effectiveness of our Member Transportation Program
 - Evaluating member communication methods and member engagement opportunities
- Evaluate our Member Satisfaction Survey tool to improve our ability to compare our performance to that of other California Medi-Cal health plans



TO: KHS Board of Directors

FROM: Alan Avery, COO

DATE: February 14, 2019

RE: 4th Quarter 2018 Operations Report

Claims

The total incoming claims volume was slightly less in the 4th Quarter than previous quarters with 700,000 claims being received from providers. The Claims Management Team and Provider Relations continue to work with providers to decrease paper claim submission. They were again successful in decreasing the incoming paper claims volume by another 1%, thus increasing electronic claims submission by 1% to 90%. In addition to processing the continued high volume of year end claims from providers the Claims Department was extremely busy implementing and testing several key software systems and tools. These include the Optum Claims Editing Software, Medicare Coordination of Benefits-COBA, Claims Audit Tool Implementation and the upgrade of the QXNT system. These projects and the extensive required testing of new systems, along with having one less check run in December, resulted in slight delays in timely claims processing, causing claims processed within 30 days to be just under the 90% target. However, the year to date State regulatory reporting is within acceptable timelines. This also caused the Claims inventory statistics to grow during the quarter but has been addressed and is now back in compliance.

Member Services

Incoming phone call activity into the Member Services Department increased by an additional 7800 calls during the quarter which is an 11% increase over the 3rd quarter call volume. This continues to support the trend of increased calls that was reported in the 3rd quarter calls. This reflects an overall higher daily call volume which began in July 2018 and continued throughout the year. In spite of this increased phone volume, the staff was able to maintain the abandonment rate of 2.5 % well below industry standard of 5%. The top five reasons for members calling Member Services remain the same-(1) New Member questions (2) PCP changes, (3) Demographic updates/changes (4) ID Card replacement requests and (5) authorization referral status. All of the top five reasons for incoming calls could be handled via

the Member Portal, therefore, we continue to encourage members to sign onto the portal and use the self-service tools. During the 4th quarter, Member Services received 1568 new member portal account enrollments, for a total of 9615 member accounts. This equates to 3.8% of our members with online accounts compared to industry target of 4%.

Provider Relations

The KHS Primary Care network remained relatively flat during the 2nd quarter with minimal (3.86%) growth of the specialty provider network. Appointment availability continues to meet regulatory standards @ 6.4 days for PCP visits or 7.6 days for specialists. The Dignity Hospital Agreement was renewed for another two years effective January 1st. The Adventist Bakersfield Agreement is in the final negotiation stages of being renewed.

Human Resources

Employee turnover in 2018 was fairly positive reaching only 10.76%, well below the 12% goal. The majority of the turnover continues to be in the voluntary category, primarily employees relocating out of the area. Human Resources staff successfully completed the year end W-2 reporting along with the annual employee satisfaction survey.

Grievance Report

The Health Plan's grievances decreased by 17% from the 3rd quarter volume. We believe this decrease in grievances might be partially attributed to the Thanksgiving, Christmas and New Year's Day holidays. We expect the grievance volume will increase back to historical trends in the 1st quarter of 2019. The breakdown of the grievances upheld or overturned continue to follow year to date trend of 60% upholding decision vs 40% overturning original decision.

Transportation Update

Transportation activity during the 4th quarter increased somewhat. Overall one way rides increased by 13%. Bus pass distribution decreased significantly by 50%, primarily due to the winter weather. On the other hand, Lyft rides increased by 28% similarly attributed to the winter season along with overall increased in medical services. Lastly, use of Member Reimbursement for rides increased by 37% during the quarter. The ALC transportation scheduling administrative expense is well within the budget approved by the Board in June, 2019.



2018 4th Quarter Operational Report

Claims Department Indicators

Activity	Goal	4th Quarter	Compliance	3 rd Quarter	2 nd Quarter	1 st Quarter
Claims Received		699,635		703,484	724,334	765,033
Electronic	85%	90%		89%	89%	88%
Paper	15%	10%		11%	11%	12%
Claims Processed Within 30 days	90%	87%		96%	93%	97%
Claims Processed within 45 days	95%	98%		99%	98%	99%
Claims Processed within 90 days	99%	99%		99%	99%	99%
Claims Inventory-Under 30 days	96%	87%		99%	97%	99%
31-45 days	<3%	11%		1%	<2%	<1
Over 45 days	<1%	2%		1%	<1%	<1
Auto Adjudication	75%	82%		74%	74	74
Audited Claims with Errors	<3%	2%		1%	1%	2%
Claims Disputes	<5%	1%		1%	1%	<1%

Member Service Indicators

Activity	Goal	4 th Quarter	Compliance	3 rd Quarter	2 nd Quarter	1 st Quarter
Incoming Calls		82,112 (11%)		74,252 (11%)	66,689	66,591
Abandonment Rate	<5%	2.5		3.62%	.5%	1.4%
Avg Answer Speed	<2:00	:29		:42	:11	:18
Average Talk Time	<8:00	7:00		6:54	6:46	6:42
Top Reasons for Member Calls	Trend	Same		New Member PCP Change Demographic ID Cards Referrals	Same	Same
Outbound Calls	Trend	81,083		89,536	87,538	86,031
# of Walk Ins	Trend	608		601	556	645
Member Portal Accounts	4%	1568 (Q4) 9615 Total 3.8%		2156 (Q3) 8061 Total	2045 (Q2) 6337 Total	4,292 (Q1)

Provider Network Indicators

Activity	Goal	4 th Quarter	Compliance	3 rd Quarter	2 nd Quarter	1 st Quarter
# of PCPs	Maintain	.55%		.55%	0	1.4%
# of Specialists	>1% growth	3.86%		1.91%	3.7%	3.7%
% Provider Terminations	<5% term	1.6%		1.18%	1.73%	4 %
Termination Reasons		89%-left group 11%-Other		77%-Left group 8%-Site Closed 8%-Resigned 8%-Practice sold	75%-left group 9%-term 9%-site closed 5%-Resigned 2%-Practice sold	74%-left group 17%-voluntary 9%-other
Appointment Survey	Average wait time					
PCP	< 10 days	6.4 Days		5.06 Days	5.85 days	7.85 days
Specialty	< 15 days	7.6 Days		6.80 Days	8.28 days	12.6 days

Human Resources Indicators

Activity	Budget	4 th Quarter	Compliance	3 rd Quarter	2 nd Quarter	1 st Quarter
Staffing Count	395	383		384	380	378
Employee Turnover	12%	10.76%		7.83%	5.52%	3.18%
Turnover Reasons	Voluntary Involuntary Deceased Retired	78% 9.75% 2.5% 9.75%		83.34% 10.00% 3.33% 3.33%	81% 15% 4%	75% 25%

Grievance Report

- The DMHC requires KHS Management report/review/discuss quarterly grievances with the KHS Board of Directors.

Category	Q4 2018	Trend	Issue	Q3 2018	Q2 2018	Q1 2018
Access to Care	32		Appointment Availability	59	42	34
Coverage Dispute	12		Authorizations and Pharmacy	21	37	45
Medical Necessity	240		Questioning denial of service	267	297	121
Other Issues	10		Miscellaneous	7	1	0
Quality of Care	22		Questioning services provided. All cases forwarded to Quality Dept.	30	27	31
Quality of Service	3		Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	2	3	5
Total Grievances	319			386	407	236

Additional Insights-Grievance Detail

Issue	4 rd Quarter Grievances	Upheld Plan Decision	Overtured Ruled for Member	Still Under Review
Access to Care	22	20	2	0
Coverage Dispute	12	11	1	0
Specialist Access	10	7	3	0
Medical Necessity	240	141	99	0
Other Issues	10	8	2	0
Quality of Care	22	14	8	0
Quality of Service	3	2	1	0
Total	319	203	116	0

Transportation Update

Operational Statistics	Q4 2018	Q3 2018	Q2 2018	Q1 2018
ALC Calls	98,474	84,958	60,283	31,752
One Way Rides Scheduled	107,514	94,358	81,594	66,517
NMT	73,055	60,683	45,832	33,459
Bus Passes Distributed	2,875	5,809	4,813	5,383
Lyft Rides Delivered	70,180	54,874	41,019	28,076
Lyft No Shows	4,835	3,702	3,008	3,826
NEMT	34,459	33,675	35,762	33,058
Van Rides Scheduled	33,970	33,214	35,283	32,662
Gurney Rides Scheduled	489	461	479	396
Member Reimbursement	975	712	164	47
ALC Admin Expense	\$656,604	\$558,799	\$522,945	\$432,323



To: KHS Board of Directors

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

Date: February 14, 2019

Re: CMO BOARD REPORT

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The utilization and cost of physician services by the SPDs continue to trend higher than budget but has stabilized. The number of visits per thousand continues to exceed expectation which is positive when it leads to fewer hospital admissions, outpatient services and ER visits. This has been the trend for most of 2018.

The Overall (all aid categories) PMPM cost is stable, even though it remains higher than goal for the SPDs. With implementation of more disease specific programs in 2019, we are hopeful that the cost of utilization of physician services for the SPDs will start trending down towards goal. We are going to continue implementing population based programs in 2019 to address inappropriate utilization of services. If we are successful with redirecting care to more appropriate settings, and managing diseases prevalent in the SPD population, we should see a downward trend in PMPM cost for SPDs which will bring overall PMPM cost in line with budget.

The most frequent diagnosis for physician services for the family and other aide 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 Aide codes. We have a disease management program for patients with hypertension and diabetes.

Diabetes Prevention Program (DPP) is now a Medi-Cal benefit. KHS has staff that is certified to provide DPP services per the CDC requirements. We have reached to 753 prediabetes members and so far we have 94 who are interested in participating in the program. Waiting for the State to approve our proposed member incentives. Our first class will be scheduled as soon as we have the approval.

Pharmacy

The monthly cost and utilization per enrollee for all aid categories is at or below budget through December 2018. We will be able to evaluate the effect for the flu season this year when we complete analysis of the January 2019 pharmacy data. 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 in long-term reduce to use of high cost services such as acute care. 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 aide codes is at or below budget. There is a spike in cost for the month of October 2018. This because the top 5 members admitted for that month cost us over 1 million dollars compare to the usual cost of less than 500 thousand dollars for the top 5 admissions during a month. 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.

KHS Case Managers in 2018 focused on our members who are at risk of hospitalization in 6 months. We had found out that if nothing is done, 80% of this group of members would be admitted to the acute hospital. The analysis of data from the members in this group that we were able to get engaged in case management, show that less than 60 % of them actually got admitted to acute hospital within the 6 month which is a 20% reduction.

We are continuing to focus on better management of specific patient populations in compliance with evidenced based guidelines and we believe this will continue to have a good impact on acute hospital utilization.

The top hospital used for inpatient services remains Bakersfield Memorial (**Attachment B**).

The C/Section rate is 16 % which continues to be below State average for low-risk, first birth deliveries. For the month of November 2018, most of our Deliveries occurred at KMC with BMH a close second. (**Attachment C**).

Hospital Outpatient

Hospital outpatient utilization is stable. As we work with our hospitalist teams to increase use of observation units for patient who do not need to be in an acute hospital for more than 72 hours, we may see an increase in our hospital outpatient utilization numbers. The cost of hospital outpatient visits has been stable since August 2018. In 2019, we are focusing on appropriate management of chronic conditions by primary care to reduce the numbers of Provider Preventable Admissions (PPA). KHS is penalized when admissions occur that in DHCS's could have been prevented. Our compensation from the State is reduced by the dollar value this represents.

We are also evaluating the availability of free standing facilities that provide the same services as Hospital outpatient but at a lower cost such as surgery centers, infusion centers, imaging etc.

Emergency Room (ER)

The PMPM cost and number of ER visits for 2018 had been at or below budget for all but the SPD Aide code. The most frequent diagnosis for the ER for all Aide code is Upper Respiratory Infection and other disorders urinary tract running close second. The most frequent diagnosis seen in the Expansion members is abdominal pain

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



Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

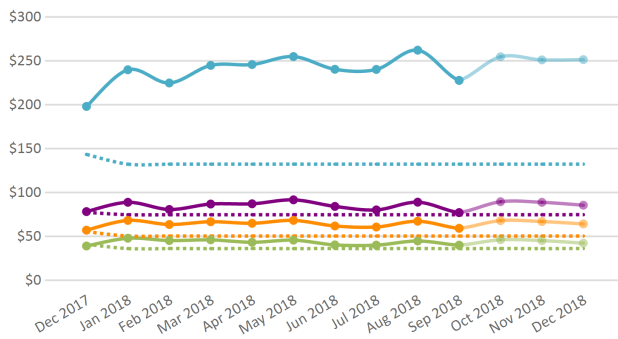


Physician Services

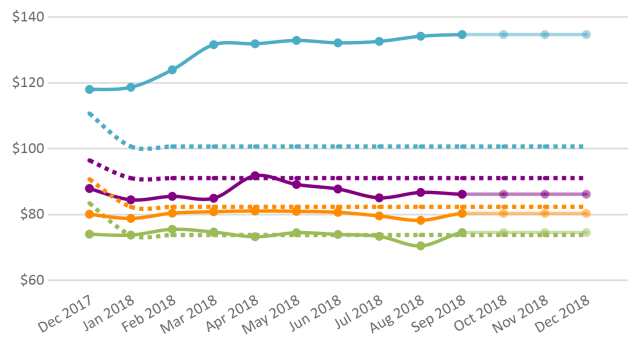
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

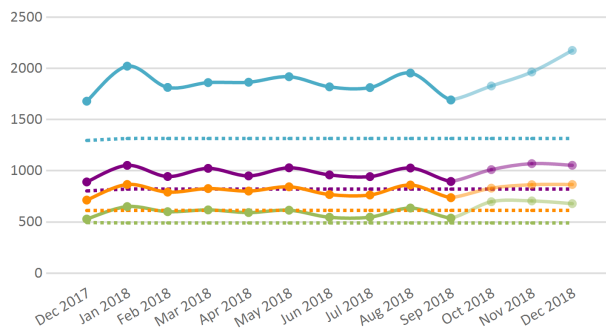
Professional Services Incurred by Aid Group PMPM



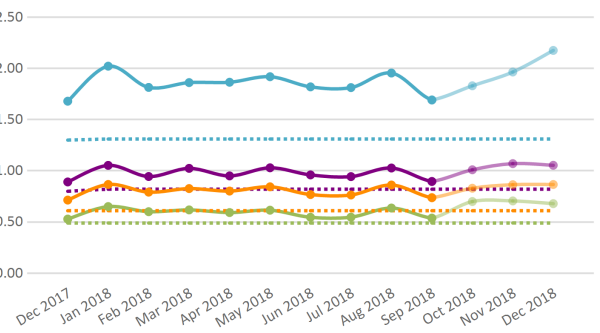
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





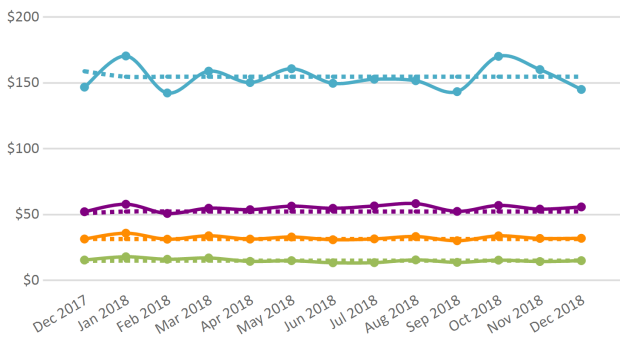
Governed Reporting System

Pharmacy

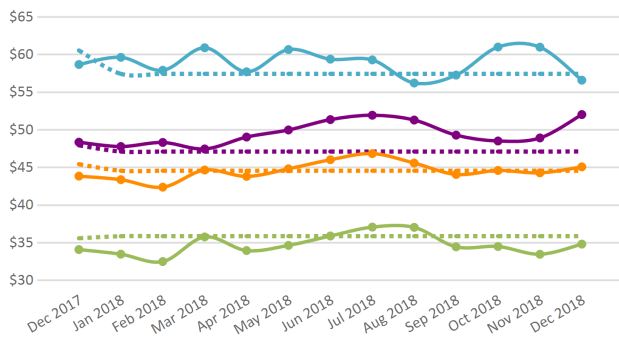
(Includes: Claims paid by PBM)

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

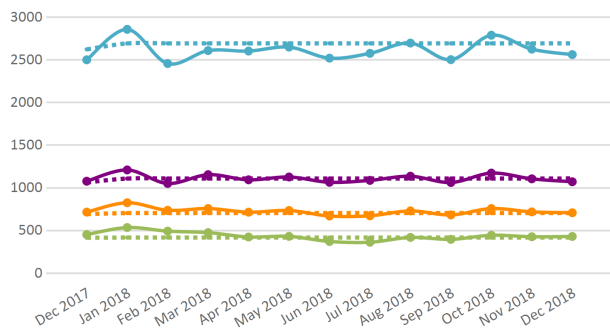
Pharmacy Services Incurred by Aid Group PMPM



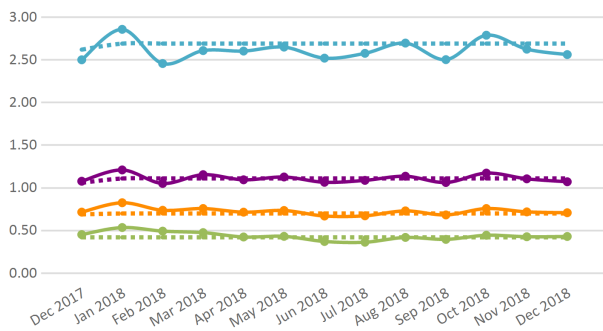
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





Governed Reporting System

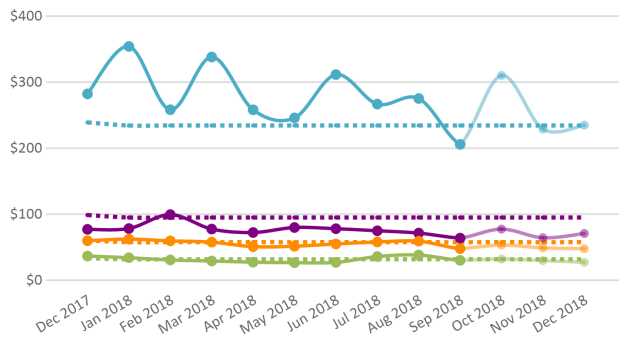


Inpatient

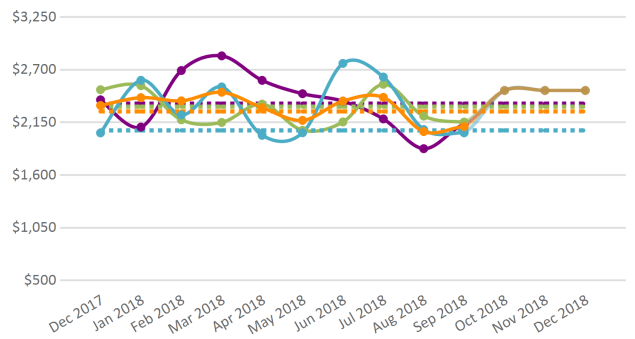
(Includes: Inpatient Hospital Claims)

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

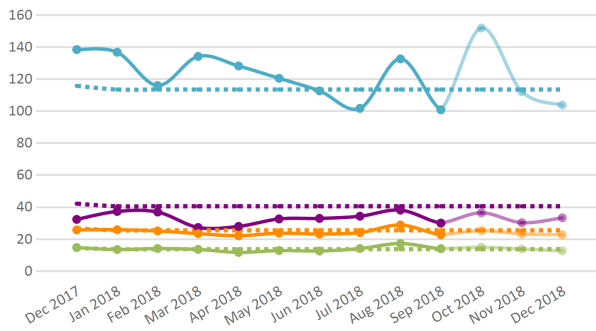
Inpatient Services Incurred by Aid Group PMPM



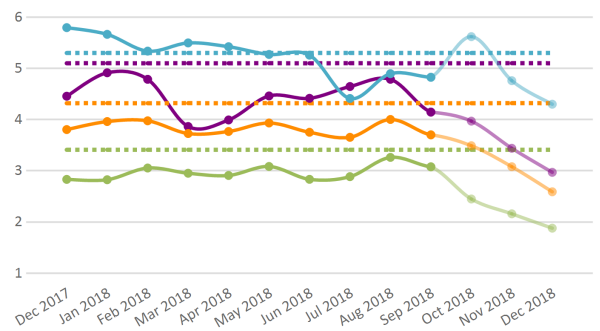
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

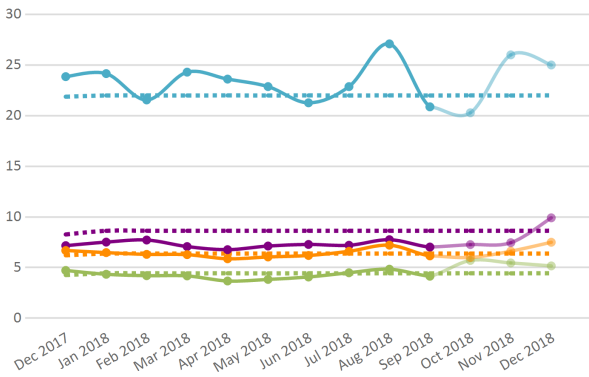


Inpatient

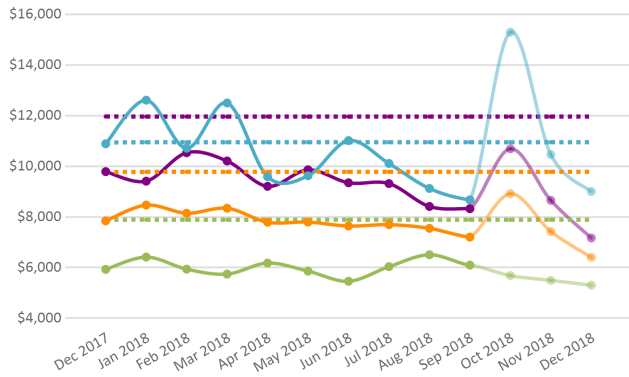
(Includes: Inpatient Hospital Claims)

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

Incurred Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

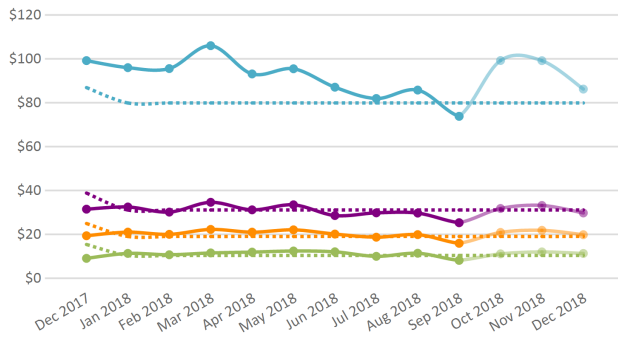


Outpatient Hospital

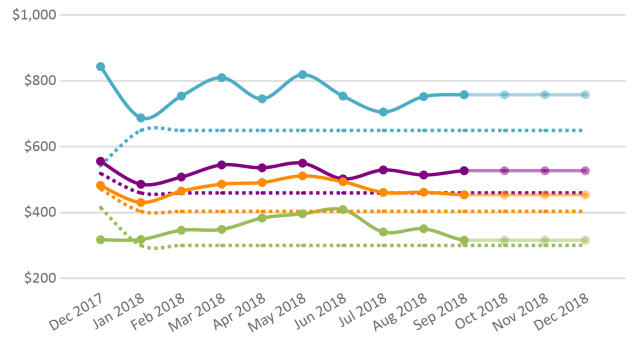
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

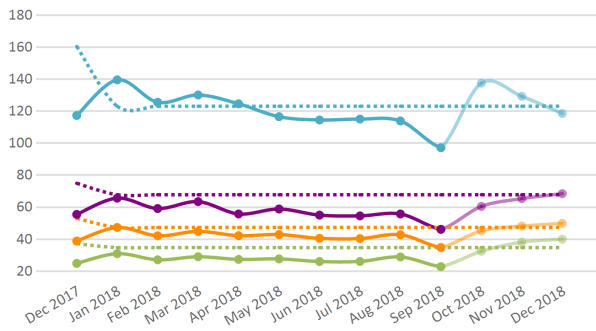
Outpatient Services Incurred by Aid Group PMPM



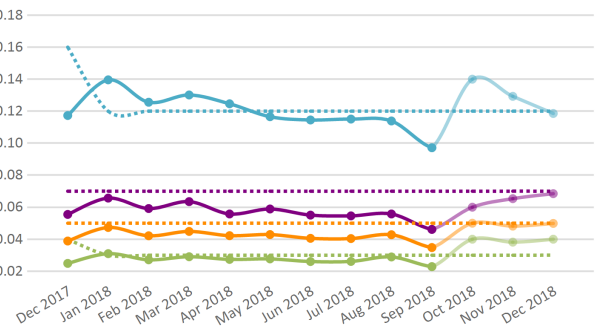
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





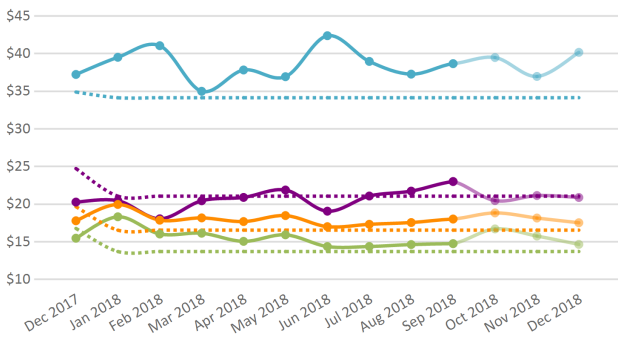
Governed Reporting System



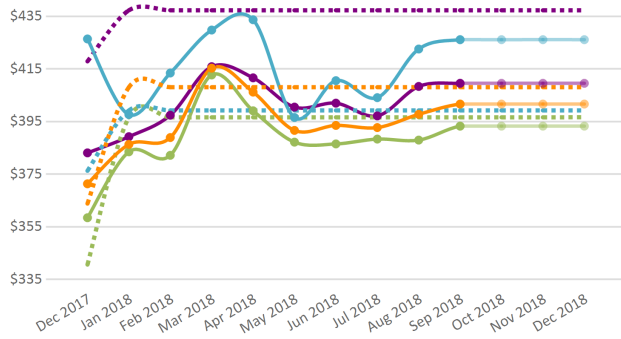
Emergency Room

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

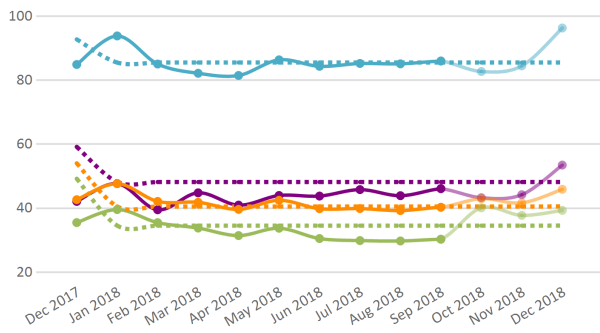
ER Services Incurred by Aid Group PMPM



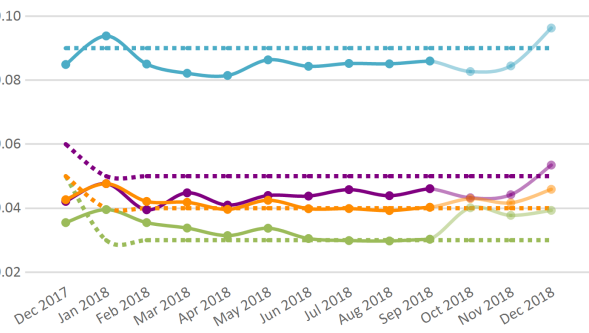
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



ER Visits per Member per Month by Aid Group

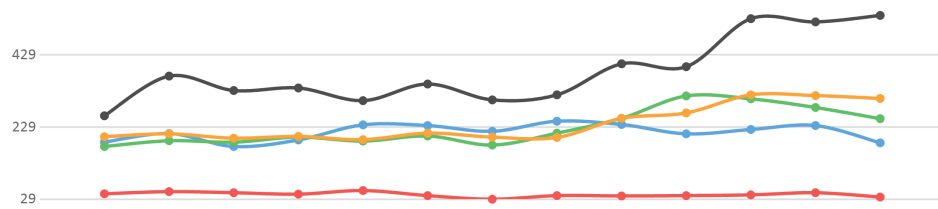




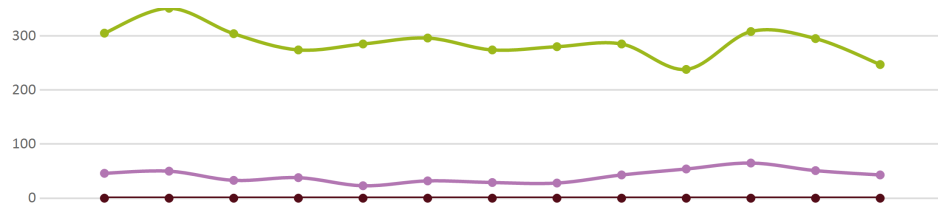
Attachment B

Governed Reporting System

Inpatient Admits by Hospital



	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
BAKERSFIELD MEMORIAL	260	370	330	337	302	348	304	318	404	396	529	520	538
MERCY HOSPITAL	175	191	187	201	190	204	179	212	253	315	307	283	252
KERN MEDICAL	202	210	198	203	194	212	201	200	253	268	318	316	308
SAN JOAQUIN COMMUNITY	187	211	175	193	235	233	217	245	236	210	222	233	185
GOOD SAMARITAN HOSPITAL	44	50	47	43	53	39	29	39	38	39	41	47	35

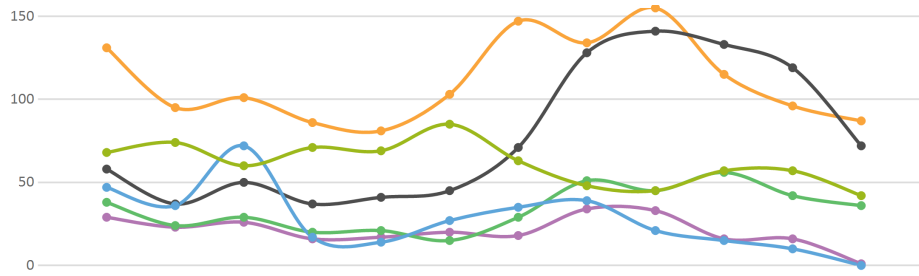


	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
BAKERSFIELD HEART HOSP	70	83	57	65	44	56	51	52	45	64	67	52	41
OUT OF AREA	305	351	304	274	285	296	274	280	285	238	308	295	247
DELANO REGIONAL HOSPITAL	46	50	33	38	23	32	29	28	43	54	65	51	43

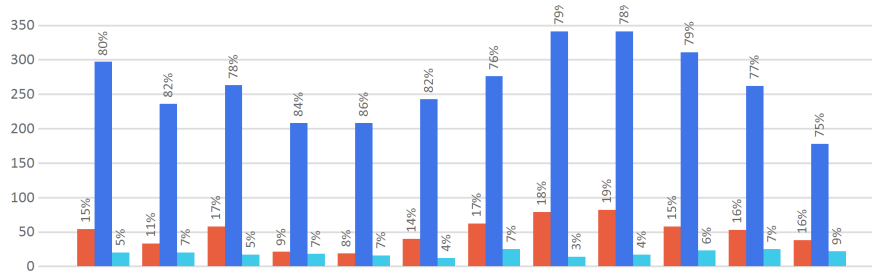


Governed Reporting System

Obstetrics Metrics



	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
BAKERSFIELD MEMORIAL	58	37	50	37	41	45	71	128	141	133	119	72
KERN MEDICAL	131	95	101	86	81	103	147	134	155	115	96	87
SAN JOAQUIN COMMUNITY	47	36	72	17	14	27	35	39	21	15	10	0
MERCY HOSPITAL	38	24	29	20	21	15	29	51	45	56	42	36
OTHER	68	74	60	71	69	85	63	48	45	57	57	42
DELANO REGIONAL HOSPITAL	29	23	26	16	17	20	18	34	33	16	16	1



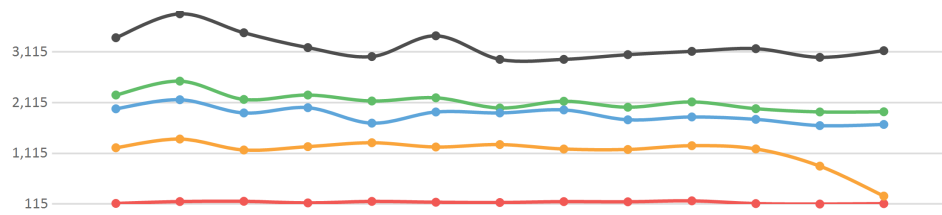
	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18
VAGINAL DELIVERY	297	236	263	208	208	243	276	341	341	311	262	178
C-SECTION DELIVERY	54	33	58	21	19	40	62	79	82	58	53	38
PREVIOUS C-SECTION DELIVERY	20	20	17	18	16	12	25	14	17	23	25	22



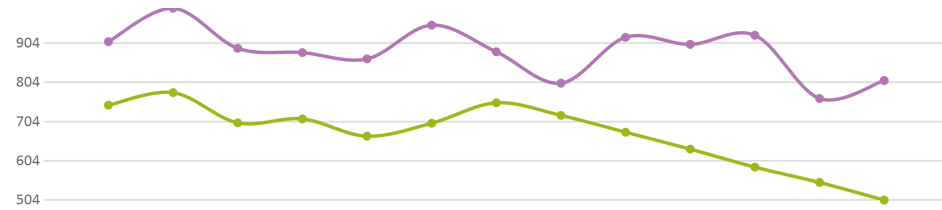
Attachment D

Governed Reporting System

Emergency Visits by Hospital



	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
BAKERSFIELD MEMORIAL	3,398	3,870	3,496	3,203	3,026	3,436	2,970	2,971	3,064	3,129	3,182	3,011	3,142
MERCY HOSPITAL	2,267	2,541	2,180	2,267	2,149	2,212	2,011	2,144	2,026	2,131	1,997	1,933	1,936
SAN JOAQUIN COMMUNITY	1,995	2,174	1,913	2,017	1,712	1,932	1,913	1,973	1,778	1,834	1,787	1,663	1,686
KERN MEDICAL	1,226	1,398	1,182	1,248	1,325	1,241	1,289	1,201	1,192	1,267	1,203	863	272
BAKERSFIELD HEART HOSP	127	164	169	137	167	151	145	163	159	178	124	115	123



	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
DELANO REGIONAL HOSPITAL	908	993	891	880	864	950	882	802	919	901	924	763	809
OUT OF AREA	746	778	701	711	667	700	752	720	677	634	588	549	504

**KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For February 14th, 2019
BOARD OF DIRECTORS MEETING**

REGULATORY AND COMPLIANCE ACTIVITIES

Regulatory and Compliance Monthly Activities Report

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

Regulatory Compliance Audit Program

Internal audit findings under Attachments B and C for all selected & audited APLs and PLs show either KHS is in compliance (Green), review still 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 being noncompliant. Several audits remain open or yet to begin (White). These items will carry over to future reports as new information on the audit of each item becomes available.

PROGRAM DEVELOPMENT UPDATE

CMS Managed Care Regulation

KHS staff completed its work with contracted Hospitals to prepare for changes to the Hospital Directed Payments structure and process. KHS met a 12/31/18 deadline to ensure all eligible encounters from 2017 were submitted and approved by DHCS in order to calculate accurate Hospital Payments. How much hospitals will be entitled to receive depends on the data (patient encounters) accuracy exchanged between the hospital and health plan and then validated by DHCS. The next deadline is coming up in July of 2019. On a different aspect of the new "Mega Regs" requirements, CMS recently released a draft update intended to reduce administrative and regulatory burden. Feedback to CMS was provided by our trade associations with KHS input.

Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2019
Page 2 of 6

Health Homes

KHS currently has five Health Home Program (HHP) sites operating. HHP sites with Omni, Dignity, Premier, and two with Kern Medical are open and meeting enrollment targets. Currently, over 2000 members participate county-wide. A second Omni site in Shafter will be ready to open upon hiring a Physician. Additional Health Home Sites with CSV are currently on hold until 2020. KHS is 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 California State Budget allocated a portion of the Tobacco Tax funds to create a supplemental payment for certain CPT Codes to specified Medi-Cal providers. Payments to providers have been ongoing since last July. DHCS is working on implementing some revisions to the payments, but KHS is continuing to process payments in the interim. To date, KHS has paid several million dollars in supplemental payments to providers performing services qualifying for payments.

Diabetes Prevention Program

Senate Bill 97 requires DHCS to establish the Diabetes Prevention Program (DPP) as a Medi-Cal benefit effective 1/12019. The DPP is an evidence-based, lifestyle change program designed to assist Medi-Cal beneficiaries diagnosed with prediabetes. KHS launched its program on January 1st with enrollment of approximately 100 members.

FEDERAL AND STATE LEGISLATIVE SUMMARY UPDATE

A status report on the proposed 2019 Federal legislation and California State legislation impacting KHS is included under Attachment D.

Kern Health Systems
 Board of Directors Meeting
 CEO Report – February, 2019
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FEBRUARY ENROLLMENT:

Medi-Cal Enrollment

As of FEBRUARY 1, 2019, Medi-Cal enrollment is 172,258, which represents an increase of 0.1% from JANUARY enrollment.

Seniors and Persons with Disabilities (SPDs)

As of FEBRUARY 1, 2019, SPD enrollment is 13,355, which represents an increase of 0.6% from JANUARY enrollment.

Expanded Eligible Enrollment

As of FEBRUARY 1, 2019, Expansion enrollment is 59,799, which represents an increase of 1.1% from JANUARY enrollment.

Kaiser Permanente (KP)

As of FEBRUARY 1, 2019, Kaiser enrollment is 8,367, which represents an increase of 0.3% from JANUARY enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of FEBRUARY 1, 2019, total Medi-Cal enrollment is 253,779, which represents an increase of 0.4% from JANUARY enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/ Total
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
201812	169,650	13,270	59,046	8,207	424	250,597
201901	171,581	13,275	59,138	8,339	464	252,797
201902	171,898	13,355	59,799	8,367	360	253,779

Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2019
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KHS ADMINISTRATIVE INITIATIVES

Marketing/Public Relations Update

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

- KHS donated \$500 to the Garden Pathways “Heart of the Country” event at Buck Owens’ Crystal Palace on February 7th.
- KHS donated \$1,250 to the Boys & Girls Club of Kern County “An Evening with Boys and Girls Clubs of America Alumni” event at the Kern County Fairgrounds on February 19th.
- KHS donated \$2,500 to the American Heart Association “2019 Go Red for Women Luncheon” at the Marriott Convention Center on March 1st.
- KHS donated \$1,500 to the United Way of Kern County “A Chocolate Affair” event at the Petroleum Club on March 2nd.
- KHS donated \$1,000 to the Delano Chamber of Commerce “Delano City Walk” on March 9th.
- KHS donated \$1,000 to The Wildlands Conservancy - Wind Wolves Preserve “6th Annual Spring Nature Festival at Wind Wolves Preserve” on March 16th and 17th.
- KHS donated \$200 to the Greenfield Family Resource Center “2019 Health & Wellness Walk and Park Cleanup” in the Greenfield area (southeast Bakersfield) on March 30th.

In February and March, KHS will participate in:

- 2/1 KC Homeless Collaborative Community Resource Day @ Trinity Methodist Church in East Bakersfield.
- 2/8 KC Homeless Collaborative Community Resource Day @ First Assembly of God Church in Taft.
- 2/20 KC Homeless Collaborative Community Resource Day @ Veterans Hall in Mojave.

Kern Health Systems
Board of Directors Meeting
CEO Report – February, 2019
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- 2/26 KC Homeless Collaborative Community Resource Day @ Memorial Park in Delano.
- 2/28 KC Homeless Collaborative Community Resource Day @ Canyon Hills Church in Wasco.
- 3/15 KC Homeless Collaborative Community Resource Day @ Veterans Hall in Lake Isabella.
- 3/21 KC Homeless Collaborative Community Resource Day @ Veterans of Foreign Wars in Arvin.
- 3/30 Outreach Clinic Health Fair @ Mill Creek in Bakersfield.

KHS OFFICES PROJECT UPDATE

New Construction Project (January Activity)

Project Status: Green

- All external framing complete
- Building is almost completely wrapped
- Decorative panels at eyebrow have started
- Lath is completed on 3 elevations of the building
- Stucco is going to be starting soon (pending rain)
- Roof is 50% complete
- Sheetrock installation is ongoing
- Windows are in on 50% of exterior the building
- Window Frames are almost completed in the atrium
- HVAC rooftop units will be setting upon roof completion
- Waiting on AT&T to remove poles along Buck Owens to finish curb and gutter work
- Poles are in new drive approaches
- Low Voltage cabling 85% completed in first floor
- Electrical panels are in on 1st and 2nd floors
- 1st and 2nd floor Bathrooms walls and ceilings are being finished with tape
- Hard lid in lobby enclosed
- Fire alarm is pulled thru 3rd floor
- Security has pulled all preliminary cable
- 100% of Subcontracts have been novated to S.C. Anderson

Kern Health Systems
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CEO Report – February, 2019
Page 6 of 6

- Board Room and Executive Conference Room finishes and furniture have been presented to CEO and is now in the process of being ordered by KHS Corporate Services.
- CEO Office and Conference Room has been designed. Awaiting approval from Doug prior to ordering furniture.
- KHS has received a partial insurance payment in the amount of \$57,266.64 from Ironshore for pollution claim.
- KHS working closely with Ironshore regarding the remainder of the pollution claim.
- 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.

Stockdale Office Building Sale Update

- Property Sale summary developed
 - Notice sent out to provider network, local universities and banks
 - On KHS website
 - Notice published in the LA Times, Bakersfield Californian and Fresno Bee
- Preliminary Title report ordered and received
- Gathered Stockdale items of interest for sale: solar info, major updates (TIs), blueprints, utilities, etc.
- Request for Offers was developed and published
- Two walk-thru so far; 2 to be scheduled.
- KHS lease back document in progress
- Final purchase agreement document, ETA 2/5/19

Dashboard Presentation

- The 4th Qtr. 2018 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment E
- The 4th Qtr. 2018 Staffing and Turnover Reports is located under Attachment F.
- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment G.



**KERN HEALTH
SYSTEMS**

Attachment A

Board of Directors Meeting

February 14, 2019

STATE

Department of Health Care Services (DHCS)

All Plan Letters (APL)

The DHCS issued six (6) APLs during the months of December and January to provide guidance for Managed Care Plans (MCP).

All Plan Letters (APL)

APL 18-020 - The purpose of this APL is to inform MCPs of their obligation to provide palliative care to their members pursuant to Senate Bill (SB) 1004 (Hernandez, Chapter 574, Statutes of 2014) and under their contract relative to the provision of Early Periodic Screening, Diagnostic and Treatment (EPSDT) services. The requirements discussed in this APL specifically apply to Medi-Cal managed care members who are not dually eligible for Medicare and Medi-Cal.

APL 18-021 - The purpose of this APL is to provide MCPs with the 2019-2020 Medi-Cal Eligibility Data System (MEDS)/834 cutoff and processing schedule.

APL 18-022 - The purpose of this APL is to clarify the requirements for MCPs regarding their responsibilities to provide members with access to freestanding birth centers (FBCs) as well as to services provided by Certified Nurse Midwives (CNMs) and Licensed Midwives (LMs). This APL supersedes APL 16-017.

APL 18-023 - The purpose of this APL is to provide direction to MCPs participating in the California Children's Services (CCS) Whole Child Model (WCM) program. This APL conforms

with CCS Numbered Letter (N.L.) 04-0618, which provides direction and guidance to county CCS programs on requirements pertaining to the implementation of the WCM program. This APL supersedes APL 18-011.

APL 19-001 - The purpose of this APL is to provide guidance to MCPs regarding how the DHCS evaluates Network Provider status in order to promote consistency between federal regulations, Medi-Cal managed care contracts, state law, APLs, and similar instructions. It is the general intention of DHCS to apply this policy related to Network Provider contracting requirements in a standardized manner, to the extent appropriate, across relevant contexts, including MCP Network Provider and Subcontractor agreements, provider directory reporting, network adequacy certification, and directed payments pursuant to Title 42 of the Code of Federal Regulations (CFR) Section 438.6(c).

APL 19-002 – The purpose of this APL is to provide guidance to MCPs on the reporting requirements for the Annual Network Certification process. This APL also outlines network adequacy standards pursuant to Title 42 of the Code of Federal Regulations (CFR), Sections 438.68, 438.206, and 438.207, and Welfare and Institutions Code (WIC), Section 14197. It also provides clarifying guidance regarding State and federal network requirements.

Department of Manage Health Care (DMHC)

All Plan Letters (APL)

The DMHC issued five (5) during the months of December and January to provide guidance to health care service plans.

APL 19-001 - The purpose of this email is to inform health plans that the DMHC will be conducting webinars pertaining to the collection of health plan data to be inputted into the Health Plan Profile. The Health Plan Profile is a database the Department has developed to capture all products a Plan is licensed to provide and the counties where the plan may offer those products.

APL 19-002 – This APL outlines newly enacted statutory requirements for health care service Plans regulated by the DMHC. The APL identifies and discusses those bills that may require Plans to update EOCs, disclosure forms, provider contracts and/or other Plan documents. Plans must review relevant Plan documents to ensure those documents comply with newly enacted legislation. The Department expects Plans to comply with all applicable statutes upon the statutes' effective dates.

By March 1st, Plans are required to submit a compliance filing demonstrating actions taken to align the Plan with the requirements as set forth.

APL 19-003 – This APL provides guidance to Plans regarding the Provider Directory Annual Filings. The Department is providing a checklist to the Plans as a reference tool and model E-1 for Health and Safety Code § 1367.27. The Plan’s compliance response is due no later than March 31st.

APL 19-004 – The DMHC is issuing this APL to provide health care service Plans, including specialized health care service Plans, with general information regarding OPL’s approach to the review of telehealth and tele-dentistry contracts, services, and benefits (collectively “telehealth”). Specifically, included in this APL is a set of sample questions reviewers may ask when reviewing a filing that mentions telehealth. The sample questions are provided to give the plans a sense of the types of questions OPL may ask when reviewing filings that involve telehealth or tele-dentistry.

APL 19-005 – The DMHC offers current and prospective Qualified Health and Dental Plans, Covered California for Small Business Issuers, and health Plans offering non-grandfathered Individual and Small Group product(s) outside of the California Health Benefit Exchange (Covered California), guidance to assist in the preparation of Plan Year 2020 regulatory submissions, in compliance with the Knox-Keene Act at California Health and Safety Code Sections 1340 et seq. (Act) and regulations promulgated by the DMHC at California Code of Regulations, title 28 (Rules). This APL does not pertain to KHS.

COMPLIANCE

All Plan & Policy Letter Reviews

The following matrices are included with the month’s BOD packet: Prospective Reviews of DHCS and DMHC 2019 All Plan Letters [Attachment B], Retrospective Audits 2018 All Plan Letters [Attachment C], and Policy Audits [Attachment D].

In this submission, the Compliance Department is including the 2018 Attachment B as a few reviews were ultimately completed in January 2019. Similarly, the 2017 Attachment C is being included as a couple of audits concluded in January 2019. Lastly, a Policy Audits Attachment D will not be included with the board packet, but will be include in for the April board meeting.

California State Auditor’s Office

Update: The California State Auditor’s Office hosted are pre-exit and exit conference with Executive team. The draft report will be issued to the Plan on February 22nd. Plan will have five (5) business days to review the draft report and provide a written response focusing on the CA State Auditor’s Office proposed recommendation. Lastly, the final report will be issued March 19th.

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

The next compliance committee meeting will be hosted by the Director of Compliance and Regulatory Affairs on February 14th.

Compliance Committee Schedule, 2019

Quarter	Date
Q1	February 14
Q2	May 9
Q3	August 9
Q4	November 14

DHCS Medical Audit –2018

Update: The final report was received by the Director of Compliance and Regulatory Affairs on (date). Additionally, corrective action plans (CAPs) have already been drafted and presented to the DHCS Audit Team.

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 next page)

Reporting to government agencies**December 2018**

Report Name/Item	Status
BHT-CDE Monthly	On Time
MER Monthly	On Time
Monthly Certification Statement	On Time
NMT-NEMT Monthly	On Time
Provider Calls Monthly	On Time

January 2019

Report Name/Item	Status
AB 1455 Claims Settlement Annual Report (DMHC)	On Time
AB85 PCP Default	On Time
Annual Anti-Fraud Report (DMHC)	On Time
Arbitration (Quarterly) (DMHC)	On Time
BHT-CDE Monthly	On Time
BHT-CDE Quarterly	On Time
Call Center Report	On Time
CBAS Report	On Time
Dental Anesthesia	On Time
Grievance Tabulated (DMHC)	On Time
MER Monthly	On Time
Annual Market Plan	On Time
Monthly Certification Statement	On Time
NMT-NEMT Monthly	On Time
Provider Network Reports	On Time
QU/UM Committee Minutes	On Time
Provider Calls Monthly	On Time



Attachments B and C

Compliance Department 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.
- Prospective reviews are done to see that new APLs/PLs are instituted according to instruction.

Our Compliance Department offers oversight and coordination for stakeholders (KHS staff) to see that all deadlines and requirements outlined in the PLs and APLs are met. The list of audited PLs and APLs for this report include:

Attachment B 1, 2, 3

- DHCS Prospective (2019)
- DHCS Prospective (2018)
- DMHC Prospective (2019)

Attachment C 1, 2, 3

- DHCS Retrospective (2018)
- DHCS Retrospective (2017)
- DMHC Retrospective (2018)

**Kern Health Systems
2019 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
APL19-001 (PDF)	Medi-Cal Managed Care Health Plan Guidance on Network Provider Status	Provider Relations Compliance	The APL relates to Network Provider standardized contracting requirements, including MCP Network Provider and Subcontractor agreements, provider directory reporting, network adequacy certification, and directed payments.	2/1/2019	Stakeholders have been sent the APL. A small Stakeholder meeting has been scheduled.	
		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
APL18-001 (PDF)	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.	1/25/2018	P&P 3.10-P., is current and approved.	
APL18-002 (PDF)	2018-2019 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	IT	Provides KHS IT Department with the 2018-2019 Eligibility Data Systems (MEDS)/834 cutoff and processing schedule.	1/14/2018	APL sent to IT Department for informational purposes. No Action required.	
APL18-003 (PDF)	Administrative and Financial Sanctions	Executive	Provides clarification regarding the imposition of administrative and financial sanctions.	1/26/2018	APL distributed to Executives and Directors. No further Action.	
APL18-004 (PDF)	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., is current and approved.	
APL18-005 (PDF)	Network Certification Requirements	Provider Relations Compliance	Guidance provided to MCPs regarding new Annual Network Certification, reporting requirements, and associated network adequacy standards.	1/26/2019	P&P 4.25-P., is current and approved.	
APL18-006 (PDF)	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., was approved by DHCS and is current.	
APL18-007 (PDF)	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., was approved by DHCS and is current.	

**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
APL18-008 REVISED (PDF)	Continuity of Care for Medi-Cal members Who Transition into Medi-Cal Managed Care (REVISED)	Health Services Member Services Provider Relations	Clarifies continuity of care requirements for Medi-Cal members who transition into Medi-Cal managed care.	12/7/2018	P&P 3.40-I is current and approved. **Revised APL sent to Stakeholders on 12/11/18. A Large Stakeholder meeting will be scheduled.	
APL18-009 (PDF)	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.	
APL18-010 (PDF)	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	The Plan will submit the Quarterly Report on or by 2/14/19.	
APL18-011 (PDF)	California Children's Services Whole Child Model Program	N/A	N/A	6/7/2018	N/A	N/A
APL18-012 (PDF)	All Medi-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.	
APL18-013 (PDF)	Hepatitis C Virus Treatment Policy Update	Health Services Pharmacy	Updates DHCS hepatitis C policy that was previously released in July 2015.	1/10/2019	P&P 3.22 - P, is current and approved.	

**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
APL18-014 (APL)	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.	1/10/2019	P&P 3.10-P., is current and approved.	
APL18-015 (PDF)	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.	1/3/2019	P&P 3.14-P., is current and approved. MOU with KBRs has been signed.	
APL18-016 (PDF)	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.	1/10/2019	P&P 2.30-I., is current and approved.	
APL18-017 (PDF)	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 .	1/10/2019	P&P 3.13-P., is current and approved.	
APL18-018 (PDF)	Diabetes Prevention Program	Health Services Disease Management Provider Relations Member Services	The APL provides guidance on the implementation of the Diabetes Prevention Program.	1/25/2019	Project Management is holding Stakeholder Meetings. P&P 3.90-P., has been signed and awaits implementation.	
APL18-019 (PDF)	Family Planning Services Policy for Self-Administered Hormonal Contraceptives	Pharmacy Health Services Claims Member Services Provider Relations	Clarifies DCHS' requirements for converge of self-administered hormonal contraceptive supplies for family planning.	1/23/2019	P&P 3.21- P., is ready for signatures.	
APL18-020 (PDF)	Palliative Care	Health Services Provider Relations Member Services Health Homes	Updates the obligations of MCPs to provide palliative care to their beneficiaries.	1/7/2018	APL18-020 and P&P 3.77-I., is updated. A Large Stakeholder meeting is scheduled.	

**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
18-021 (PDF)	2019-2020 Medical Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	IT	Provides KHS IT Department with the 2019-2020 Eligibility Data Systems (MEDS)/834 cutoff and processing schedule.	1/7/2019	Updated APL sent to the IT Department for informational purposes. No Action required.	
APL18-022 (PDF)	Access Requirements for Freestanding Birth Centers and Provision of Midwife Services	Health Services Provider Relations Member Services	Clarifies the Plan's responsibilities to provide Members with access to freestanding Birthing Centers and services by Midwives.	1/23/2019	P&P 3.24-P., is ready for signatures.	
APL18-023 (PDF)	California Children's Services Whole Child Model Program	N/A	N/A	6/7/2018	N/A	N/A
		KEY				
			Compliance - YES			
			Compliance - NO			
			Outcome Pending			
			N/A - informational document			

**Kern Health Systems
2019 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
APL19-001 (PDF)	Health Plan Webinars	Compliance IT	Notification of pending webinars regarding the collection of health plan data to be uploaded into the Health Plan Profile.	1/11/2019	No action required	
APL18-002 (PDF)	Newly Enacted Statutes Impacting Health Plans	Health Services Pharmacy Compliance	The APL outlines several newly enacted statutory legislative requirements for health Plans. KHS response to the DMHC is due by March 1, 2019, unless otherwise noted. KHS Health Services and Pharmacy Departments could be impacted.	1/11/2019	Plan is working on its response documents to the DMHC.	
APL18-003 (PDF)	Guidance Regarding Provider Directory Annual Findings	Compliance Provider Relations	Provides guidance and instructions to Plans regarding the Annual Filing of the Provider Directory.	1/14/2019	Documents sent to Provider Relations for review.	
APL19-004 (PDF)	Telehealth/Teledentistry Sample Questions	Compliance Provider Relations	Provides general information and guidance regarding the review of telehealth and teledentistry contracts, services, and benefits by DMHC and the Office of Plan Licensing.	1/31/2019	Documents sent to Provider Relations for evaluation. Compliance will review the APL with Provider Relations.	
APL19-005 (PDF)	Plan Year 2020 QHP and QDP Filing Requirements	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 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
APL18-001 (PDF)	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.						
APL18-002 (PDF)	2018-2019 Medi-Cal Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	N/A	Provides KHS IT Department with the 2018-2019 Eligibility Data Systems (MEDS)/834 cutoff and processing schedule.	N/A	N/A	N/A	N/A	N/A	N/A
APL18-003 (PDF)	Administrative and Financial Sanctions	NA	Provides clarification regarding the imposition of administrative and financial sanctions.	N/A	N/A	N/A	N/A	N/A	N/A
APL18-004 (PDF)	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.						
APL18-005 (PDF)	Network Certification Requirements	Provider Relations Compliance	Guidance provided to MCPs regarding new Annual Network Certification, reporting requirements, and associated network adequacy standards.						
APL18-006 (PDF)	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.						
APL18-007 (PDF)	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.	1/18/2019	2/28/2019			In Process: Policy 3.13-P, EPSDT Supplemental Services and Targeted Case Management (TCM) is in alignment with the APL requirements. A small Stakeholder meeting is scheduled.	
APL18-008 REVISED (PDF)	Continuity of Care for Medi-Cal members Who Transition into Medi-Cal Managed Care (REVISED)	Health Services Member Services Provider Relations	Clarifies continuity of care requirements for Medi-Cal members who transition into Medi-Cal managed care.						

**Kern Health Systems
2018 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
APL18-009 (PDF)	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.	1/28/2019	3/28/2019	In Process: A Compliance Auditor is reviewing the Prospective Review documents. Compliance will confirm all requirements were met.			
APL18-010 (PDF)	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.						
APL18-011 (PDF)	California Children's Services Whole Child Model Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-012 (PDF)	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						
APL18-013 (PDF)	Hepatitis C Virus Treatment Policy Update	Health Services Pharmacy	Updates DHCS hepatitis C policy that was previously released in July 2015.						
APL18-014 (APL)	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.	1/18/2019	2/28/2019	In Process: Policy 3.10-P, Alcohol and Substance Abuse Treatment, is in alignment with the APL requirements. A small Stakeholder meeting is scheduled.			
APL18-015 (PDF)	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.						

**Kern Health Systems
2018 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
APL18-016 (PDF)	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.	1/29/2019	2/28/2019	In Process: Policy 2.30-I, Health Education is in alignment with the APL requirements. Compliance is conducting an audit on the requested H.E. deliverables.			
APL18-017 (PDF)	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 .	1/16/2019	2/28/2019	In Process: Policy 3.13-P, EPSDT Supplemental Services and Targeted Case Management is in alignment with the APL requirements. The Plan released a Provider Bulletin on 11/30/18. A Verification Sample Study is underway.			
APL18-018 (PDF)	Diabetes Prevention Program	Health Services Disease Management Provider Relations Member Services	The APL provides guidance on the implementation of the Diabetes Prevention Program.						
APL18-019 (PDF)	Family Planning Services Policy for Self-Administered Hormonal Contraceptives	Pharmacy Health Services Claims Member Services Provider Relations	Clarifies DCHS' requirements for converge of self-administered hormonal contraceptive supplies for family planning.						
APL18-020 (PDF)	Palliative Care	Health Services Provider Relations Member Services Health Homes	Updates the obligations of MCPs to provide palliative care to their beneficiaries.						
APL18-021 (PDF)	2019-2020 Medical Managed Care Health Plan MEDS/834 Cutoff and Processing Schedule	N/A	Provides KHS IT Department with the 2019-2020 Eligibility Data Systems (MEDS)/834 cutoff and processing schedule.	N/A	N/A	N/A	N/A	N/A	N/A

**Kern Health Systems
2018 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
APL18-022 (PDF)	Access Requirements for Freestanding Birth Centers and Provision of Midwife Services	Health Services Provider Relations Member Services	Clarifies the Plan's responsibilities to provide Members with access to freestanding Birthing Centers and services by Midwives.	1/30/2019	2/28/2019	In Process: A Compliance Auditor is reviewing Policy 3.24-P, Pregnancy and Maternity Care, against the APL requirements.			
APL18-023(PDF)	California Children's Services Whole Child Model Program (supersedes APL 18-011)	N/A	N/A	N/A	N/A	N/A	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
APL17-001.pdf	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
APL17-002.pdf	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- I, Group Needs Assessment, requires minor policy revisions.		Compliance Requirement Met: The Plan revised 2.11-I, Group Needs Assessment.	
APL17-003.pdf	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 6.20- I, Recovery of Claims Overpayments requires minor policy revisions.		Compliance Requirement Met: Policy 6.20- I, Recovery of Claims Overpayments was updated to reference Policy 6.01- P, Claims Submission and Reimbursement.	
APL17-004.pdf	Subcontractual Relationships and Delegation	Corporate Services Utilization Management Quality Improvement Subcontracting and Provider Relations Information Technology	New and existing Subcontracting and Delegation Requirements.	8/9/2018	2/28/2019	Compliance Requirement Not Met: The Director of Procurement requested Legal to review the Professional Service Agreement (PSA) for recommended revisions.			
APL17-005.pdf	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.			
APL17-006.pdf	Grievance and Appeal Requirements and Revised Notice Templates and "Your Rights" Attachments (Supersedes All Plan Letters 04-006 and 05-005 and Policy Letter 09-006)	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 excluded 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.	
APL17-007.pdf	Continuity of Care for New Enrollees Transitioned to Managed Care After Requesting a Medical Exemption and Implementation of Monthly Medical Exemption Review Denial Reporting (Supersedes All Plan Letter 15-001)	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
APL17-008.pdf	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: 13.04-1, Formulary Process and Drug Utilization Review, is in alignment with the APL requirements.			
APL17-009.pdf	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 8 Providers of current PPC reporting requirements.	
APL17-010.pdf	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: 5.15-1, Member Transportation Assistance, is in alignment with the APL requirements. Compliance randomly selected samples for verification of reconciliation.			
APL17-011.pdf	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Member Services Provider Relations Health Services	Identifies standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	6/11/2018	7/17/2018	Compliance Requirement Met: 3.70-1, Cultural and Linguistic Services, 3.71-P Linguistic Services, and 12.02-1 Translation of Written Member Informing Materials, are in line with APL requirements.			
APL17-012.pdf	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
APL17-013.pdf	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	2/28/2019	Compliance Requirement Not Met: 3.75-1, is not in alignment with the APL requirements, DHCS Contract A.10.4. and CA.W81 §14182 14.A-E. Stakeholder's are developing a Process to re-stratify SPD Members and revise Policy 3.75-1, to include current process and procedures.			
APL17-014.pdf	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	20.50-1, 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
APL17-015.pdf	Palliative Care and Medi-Cal Managed Care	Health Services Provider Relations Member Services Health Homes	Outlines the obligations of MCPs to provide palliative care to their beneficiaries.	11/30/2018	1/9/2019	Compliance Requirement Not Met: The Plan failed to conduct periodic reassessments for changes in a subscriber's condition or palliative care needs (3.77-1.9 IV, B)		Compliance Requirement Met. Effective 2/1/19 the Plan implemented a new outreach process for palliative care members. KHS LCSW's will conduct a 30-day follow-up assessment.	
APL17-016.pdf	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
APL17-017.pdf	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	12/14/2018	Compliance Requirement Not Met: A Compliance Auditor met with the Administrative Director of Health Services to discuss current Process and Procedures.		Compliance Requirement Met. Policy 3.42-P Nursing Facility Service and Long Term Care, was revised to incorporate the APL requirements.	
APL17-018.pdf	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	12/19/2018	Compliance Requirement Met: 3.14-P, is in alignment with the APL requirements.			
APL17-019.pdf	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
APL17-020.pdf	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.			
APL17-021.pdf	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									
Compliance - Yes									
Compliance - No									
Outcome Pending									
N/A- Informational/Supersedes									

**Kern Health Systems
2018 DMHC All Plan Letter Index 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
APL18-001 (PDF)	Newly Enacted Statutes Impacting Health Plan License Files	Compliance Member Services	Identifies requirements for EOC'S, Disclosure Forms, Provider Contracts.						
APL18-002 (PDF)	Timely Access Compliance Report MY 2018	Compliance Provider Relations	Accurate filing of the Timely Access Compliance Report for MY 2018.	1/16/2019	4/14/2019	In Process: Compliance created an Matrix identifying all deliverables. The Plan must comply with the APL by 3/31/19. Final review of deliverables is calendared for 4/5/19.			
APL18-003	Plan Year 2019 QHP/ODP Filing Requirements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-004	Unified Billing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-005	Administrative Services Agreement (ASA) Checklist	Compliance Procurement and Facilities	Amended Administrative Services Agreement Updates.						
APL18-006 (PDF)	Annual Assessment	Compliance Finance	Reporting of the Plans Enrollment and Utilization.	1/28/2019	2/28/2019	In Process: Compliance is reviewing the Prospective review. Upon completion of the review, Compliance will confirm all requirements were met.			
APL18-007 (PDF)	Confidentiality of Information Submitted to Office of Plan Licensing	Compliance	Guidance for submitting requests for Confidentiality.						
APL18-008 (PDF)	AB72 Delegated Entity Report	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-009 (PDF)	Responding to Help Center RHPIs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-010 (PDF)	Plan Compliance with MHPAEA Rules for Financial Requirements and Quantitative Treatment Limitations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Kern Health Systems
2018 DMHC All Plan Letter Index 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
APL18-011 (PDF)	Annual filing of SB 17 prescription drug cost information	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-012 (PDF)	State of emergency in Riverside and Shasta Counties due to the effects of the Cranston and Carr fires.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-013 (PDF)	Revisions to the Independent Medical Review Form (IMR)/Complaint Form	Compliance	Compliance distributed the All Plan Letter (APL) to Stakeholders.						
APL18-014 (PDF)	States of emergency due to wild fires in ten California counties.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-015 (PDF)	Filing Requirements for the Medi-Cal Health Homes Program	HHP Compliance	Evidence of Coverage, Enrollee Notices, and Plan developed outreach and education materials.						
APL18-016 (PDF)	Communication between the Help Center and Health Plans Regarding Consumer Complaints	Compliance	Sending and receiving Requests for Health Plan Information and other Health Plan correspondence.						
APL18-017 (PDF)	Large Group Renewal Notice Requirements for SB546 Implementation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-018 (PDF)	Notice for the January 2019 release of the Annual Filing Checklist for HSC Sec. 1367.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL18-019 (PDF)	State of Emergency Due To Fires in Butte, Los Angeles and Ventura Counties	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KEY									
			Compliance - YES						
			Compliance - NO						
			Outcome Pending						
			N/A - Informational Document						

Attachment D

Legislative/Policy Summary – February 2019

Federal Update – Much of the month of January was consumed with Budget negotiations and the accompanying partial Government shutdown. With only a temporary solution in place, this could resurface again in February. Meanwhile the administration continues to propose policy/rule changes including modifying the definition of “public charge”, updating the “Mega-Reg”, and changing how pharmacies and PBMs share rebates. These items are being tracked by KHS staff in coordination with our Trade Associations. In terms of legislation, there is some bipartisan agreement on addressing the high cost of prescription drugs. Specific policy hasn’t yet been finalized but is being monitored.

State Legislative Session – The new Governor was sworn in and released a draft budget proposal in January. There are some impactful items to monitor in the initial budget release including proposals to expand Medi-Cal to undocumented immigrants up to age 26, continuation of the tobacco tax supplemental provider payments, and a proposal to carve-out pharmacy benefits from Managed Care. These items will all undergo significant discussion between now and the May budget revision. KHS and our Trade Associations will work with the Administration and Legislators during this period.

Legislators reconvened in early January for this year’s session. Bills have begun to be introduced as committee hearings ramp up. Below is a listing of the current bills being tracked in this session:

Title	Description	Status
AB 4 (Arambula)	Legislation that reintroduces the proposal to expand Medi-Cal eligibility to individuals who would otherwise qualify for the program but for their immigration status. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB4	LHPC Support 12/04/18 From printer. May be heard in committee January 3.

<p>AB 318 (Chu)</p>	<p>This bill would require the department and managed care plans, commencing January 1, 2020, to require field testing of all translated materials released by the department or the managed care plans, respectively, to Medi-Cal beneficiaries, as specified. The bill would define “field testing” as a review of translations for accuracy, cultural appropriateness, and readability.</p> <p>The bill would also require the department to establish a readability workgroup to identify at least 10 documents released by the department to Medi-Cal beneficiaries and to designate a readability expert to revise those documents, as specified.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB318</p>	<p>01/31/19 From printer. May be heard in committee March 2.</p>
<p>SB 11 (Beall)</p>	<p>This bill increases health plan reporting requirements regarding mental health parity and requires SUD prescriptions, if covered by the plan, be placed on the lowest tier of the formulary. It applies to Knox-Keene licensed plans or those licensed by the California Department of Insurance.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB11</p>	<p>LHPC Oppose</p> <p>12/04/18 From printer. May be acted upon on or after January 3.</p>
<p>SB 29 (Lara)</p>	<p>Legislation that reintroduces the proposal to expand Medi-Cal eligibility to individuals who would otherwise qualify for the program but for their immigration status.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB29</p>	<p>LHPC Support</p> <p>12/04/18 From printer. May be acted upon on or after January 3.</p>
<p>SB 66 (Atkins)</p>	<p>This bill would authorize reimbursement for a maximum of 2 visits taking place on the same day at a single location if after the first visit the patient suffers illness or injury requiring additional diagnosis or treatment, or if the patient has a medical visit and a mental health visit or a dental visit, as defined. This bill would also make an FQHC or RHC visit to a licensed acupuncturist reimbursable on a per-visit basis.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB66</p>	<p>01/09/19 From printer. May be acted upon on or after February 8.</p>

<p>SB 163 (Portantino)</p>	<p>This bill would revise the definition of behavioral health treatment to require the services and treatment programs provided to be based on behavioral, developmental, behavior-based, or other evidence-based models.</p> <p>This bill also would expand the definition of a “qualified autism service professional” to include behavioral service providers who meet specified educational and professional or work experience qualifications. The bill would revise the definition of a “qualified autism service paraprofessional” by deleting the reference to an unlicensed and uncertified individual and by requiring the individual to comply with revised educational and training, or professional, requirements. The bill would also revise the definitions of both a qualified autism service professional and a qualified autism service paraprofessional to include the requirement that these individuals complete a background check.</p> <p>This bill would require the intervention plan designed by the qualified autism service provider, when clinically appropriate, to include parent or caregiver participation that is individualized to the patient and takes into account the ability of the parent or caregiver to participate in therapy sessions and other recommended activities. The bill would specify that the lack of parent or caregiver participation shall not be used to deny or reduce medically necessary services and that the setting, location, or time of treatment not be used as the only reason to deny medically necessary services.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB163</p>	<p>01/25/19 From printer. May be acted upon on or after February 24.</p>
<p>SB 175 (Pan)</p>	<p>This bill would require a California resident to ensure that the resident, and any dependent of the resident, is covered under minimum essential coverage for each month beginning after 2019. The bill would impose a penalty for the failure to maintain minimum essential coverage. The bill would require the Exchange to determine the penalty and exemptions, if any, for a resident and would require the Franchise Tax Board to collect the penalty.</p> <p>The bill would also establish the Health Care Coverage Penalty Fund, into which moneys collected from the above-described penalty would be deposited. Subject to an appropriation by the Legislature, the bill would require that moneys in the fund be used to improve the affordability of healthcare coverage for Californians.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB175</p>	<p>01/29/19 From printer. May be acted upon on or after February 28.</p>

Attachment E



Kern Health Systems 2018 Project Summary – Q4

Open Projects

Project Title	Start Date	End Date	Percent Complete	Project Objectives
Medical Management System Enhancements	3/2018	4/2019	80%	Implement enhancements to the JIVA product to improve the user experience for Health Services and providers.
Medical Management System Conversion - Phase II/III	1/2018	6/2019	Phase II - 100% Phase III - 70%	<i>Migrate Health Education, Case Management, Disease Management, Quality Improvement, Health Homes Program and Appeals departments from custom workflows to the Jiva Medical Management platform.</i>
Document Repository Migration	1/2017	*12/2018	80%	Migrate KHS digital document repository from a product that is no longer supported. Implement and integrate the new digital document repository.
Health Home Program Expansion	1/2018	3/2019	95%	Launch at least 3 new Health Home Program Sites. Final site launch date 2019 Q1.
Internal Dashboards	1/2018	*12/2018	97%	Create 3 additional internal KHS departmental dashboards with key performance indicators to encourage performance improvement and help provide levels of internal controls.
Alternative Payment Methodology Phase II	1/2018	*12/2018	70%	Implement alternative payment methods that will contribute to cost savings, better patient outcomes, and shared risk through collaboration.
Coordination of Benefits for Dual-Eligible Members (COBA/OHC)	1/2018	*10/2018	COBA 97% OHC 100%	Comply with DHCS regulatory requirements by working with CMS to exchange Coordination of Benefits information for dual-eligible members and to incorporate additional OHC data.
QI Site Review Automation Phase II	4/2018	2/2019	95%	Automate remaining site review forms to reduce site review time by 1 hour per review.
Claims Audit Tool	4/2018	2/2019	99%	Implement new auditing tool to reduce preventable errors and overpayments by 10%. – To be measured 2019 Q2
QNXT Upgrade Q4	10/2018	*1/2019	90%	Install QNXT upgrade and CA specific enhancements. Auto Adjudication is expected to increase by 0.5%.
Zelis Claims Review Process	8/2018	*12/2018	70%	Project added to implement the Zelis claims review process which will detect and prevent overpayments.
Hospital Directed Payments	8/2018	6/2019	55%	Project added to allow KHS to accurately pass through hospital directed payments from DHCS based on accepted encounter data by KHS and DHCS.
Diabetes Prevention Program	11/2018	4/2019	50%	To offer DHCS required Diabetes Prevention Program by regulatory deadlines.
New Building Occupation	10/2018	9/2019	25%	To ensure a seamless relocation to Buck Owens building without any unscheduled downtime of KHS Operations.


*Pending Change Request Approval to Extend Project

Kern Health Systems 2018 Project Summary – Q4



Completed Projects

Project Title	Start Date	End Date	Realized Benefit
QNXT Upgrade Q1	1/2018	3/2018	Installed QNXT upgrade and CA specific enhancements. Auto Adjudication increased by 2% in combination with additional projects.
Palliative Care	9/2017	3/2018	Provided Palliative care as mandated by the state to all qualified KHS members.
Electronic Data Interchange	1/2018	12/2018	Migrated 274 (Provider) and 837 (Claims) Electronic Data Interchange (EDI) transactions to the Edifecs Solution.
Claim Editing Software	1/2018	11/2018	Implemented Optum Claim Editing Software (CES) and increased Auto Adjudication by 2% (replacing ClaimCheck software which is end of life).
External Dashboards	2/2018	9/2018	Redesign the Provider Practice dashboard. Provider adoption is expected to increase by 5%. To be measured in 2019 Q2
Provider and Member Portal Enhancements	2/2018	12/2018	Implement portal enhancements to improve the user experience and increase portal utilization by 5%. To be measured in 2019 Q4

		Attachment F	
		KERN HEALTH SYSTEMS MANAGED CARE STAFFING RATIOS - December 31, 2018 (year-end)	
SEGMENTED CATEGORY:		KERN HEALTH SYSTEMS	
ENROLLMENT TYPE MEMBERSHIP SIZE CORPORATE STATUS FULL TIME EMPLOYEE COUNT (FTE) RATIO		<i>MediCal</i> <u>Actual</u> 250,250 Not for Profit 383	December 2018 <u>Budgeted Membership</u> 254,325 399
		<i>1 FTE/Members</i>	
EXECUTIVE			
	Executive Dept. Total FTE	4	4
	Executive Dept. RATIO FTEs/MEMBERS	62,563	63,581
ACCOUNTING			
	Accounting Dept. Total FTE	14	14
	Accounting Dept. RATIO FTEs/Members	17,875	18,166
IT			
	IT Dept. Total FTE@	30	33
	MIS Dept. RATIO FTEs/MEMBERS	8,342	7,707
BI			
	BI Dept. Total FTE@	15	16
	BI Dept. RATIO FTEs/MEMBERS	16,683	15,895
CLAIMS			
	Claims Dept. Total FTE	56	56
	Claims Dept. RATIO FTEs/MEMBERS	4,469	4,542
PROJECT MANAGEMENT			
	Project Management Dept. Total FTE	9	9
	Project Management Dept. RATIO FTEs/MEMBERS	27,806	28,258
UTILIZATION MANAGEMENT			
	UM Mgmt. Dept. Total FTE	81	87
	UM Dept. RATIO FTEs/MEMBERS	3,090	2,923
HEALTH HOMES			
	Health Homes Dept. Total FTE	7	8
	Health Homes Dept. RATIO FTEs/MEMBERS	35,750	31,791
QI			
	QI Dept. Total FTE	11	13
	QI Dept. RATIO FTEs/MEMBERS	22,750	19,563
HEALTH ED			
	Health Ed Dept. Total FTE	11	11
	Health Ed. RATIO FTEs/MEMBERS	22,750	23,120
PHARMACY			
	Pharmacy Dept. Total FTE	11	11
	Pharmacy Dept. RATIO FTEs/MEMBERS	22,750	23,120
DISEASE MANAGEMENT			
	Disease Management Dept. Total FTE	9	9
	Disease Management Dept. RATIO FTEs/MEMBERS	27,806	28,258
PROVIDER RELATIONS			
	Provider Relations Dept. Total FTE	21	22
	Provider Relations Dept. RATIO FTEs/MEMBERS	11,917	11,560
MEMBER SERVICES			
	Member Services Dept. Total FTE	75	76
	Member Services Dept. RATIO FTEs/MEMBERS	3,337	3,346
CORPORATE SERVICES			
	Corporate Services Dept. Total FTE	8	8
	Corporate Services Dept. RATIO FTEs/MEMBERS	31,281	31,791
COMPLIANCE			
	Compliance Dept. Total FTE	6	6
	Compliance Dept. RATIO FTEs/MEMBERS	41,708	42,388
MARKETING			
	Marketing Dept. Total FTE	4	5
	Marketing Dept. RATIO FTEs/MEMBERS	62,563	50,865
HR			
	HR Dept. Total FTE	11	11
	HR Dept. RATIO FTEs/MEMBERS	22,750	23,120
ORGANIZATIONAL VIEW			
	Org. View Total FTE	383	399
	Org. View RATIO FTEs/MEMBERS	653	637

©Kern Health Systems Human Resources



Governed Reporting System

Kern Health Systems Attachment G

KHS Dashboard Performance Reports
(Critical Performance Measurements)

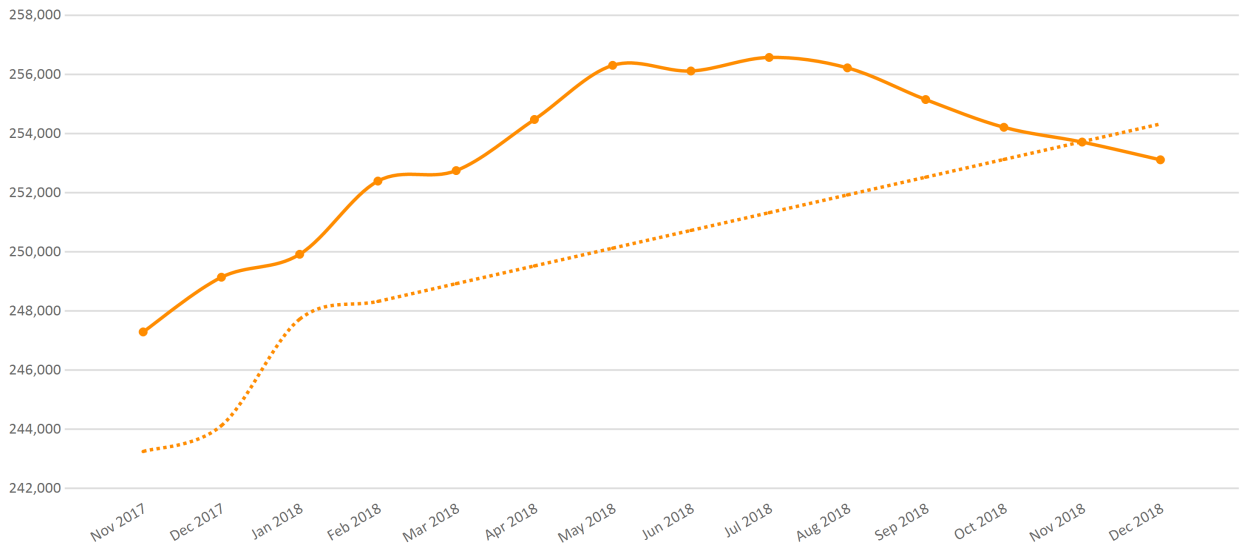


Governed Reporting System

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



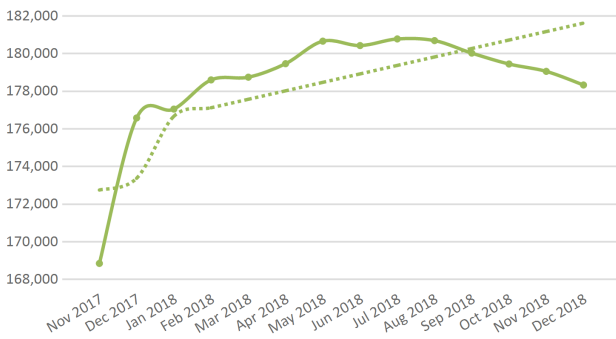


Governed Reporting System

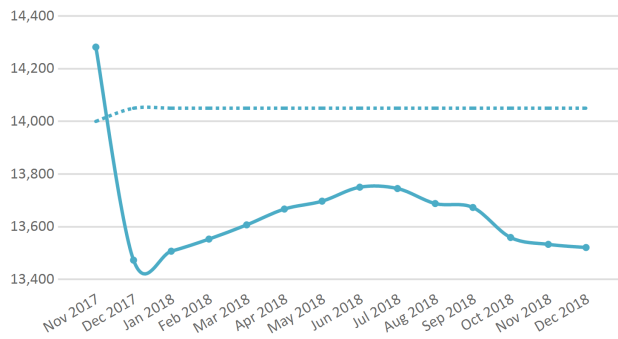
Membership

- 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

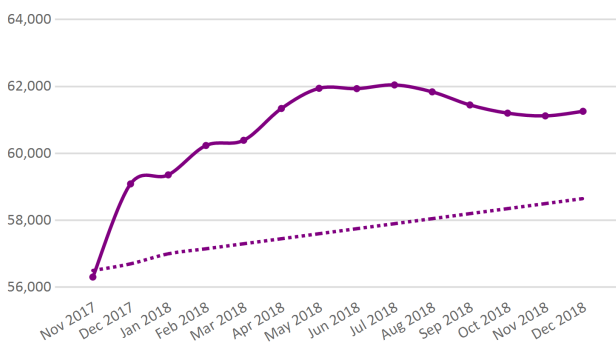
MCAL Family/Other Membership



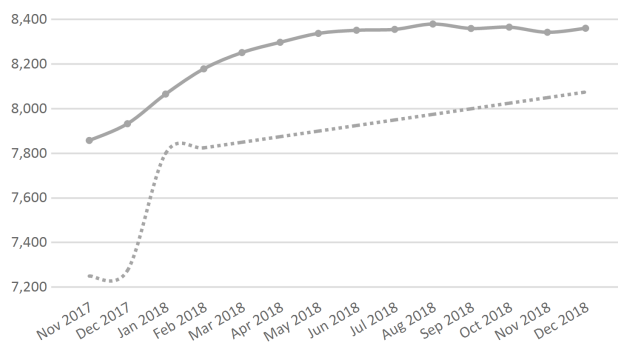
MCAL SPD Membership



MCAL Expansion Membership



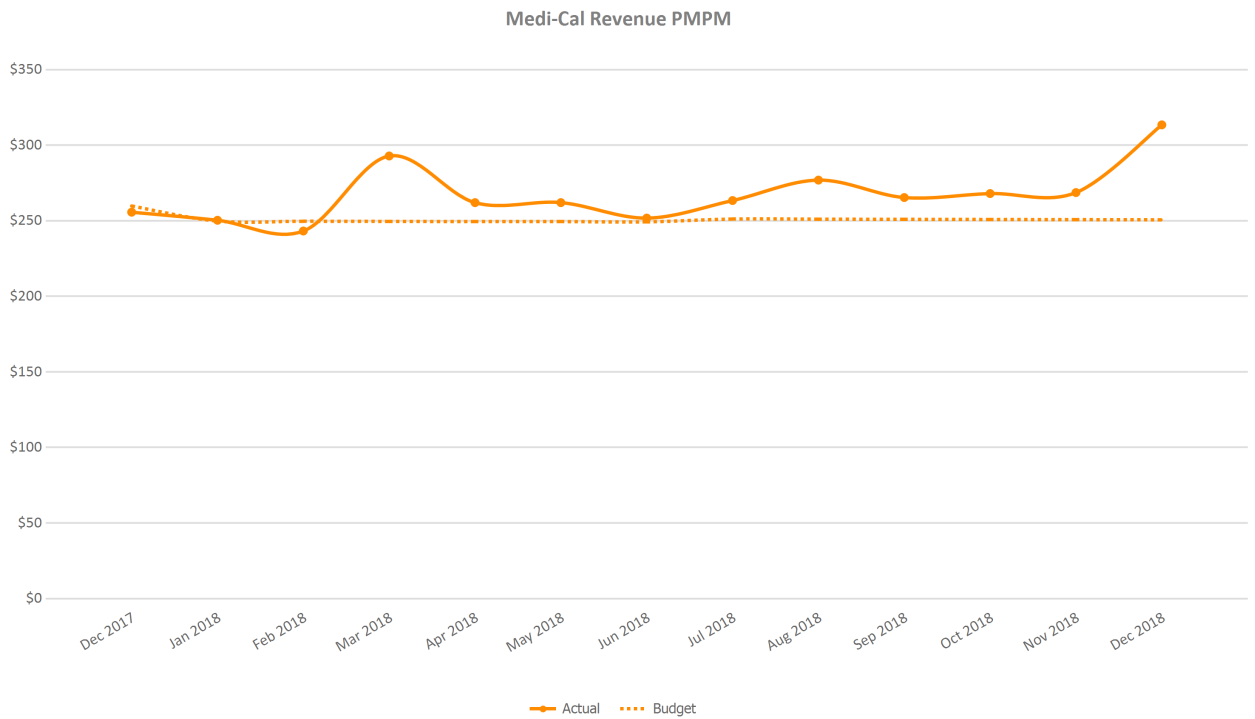
KP Membership





Governed Reporting System

Revenue





Governed Reporting System

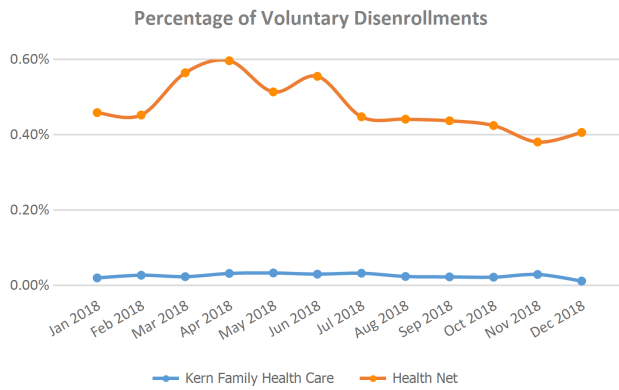
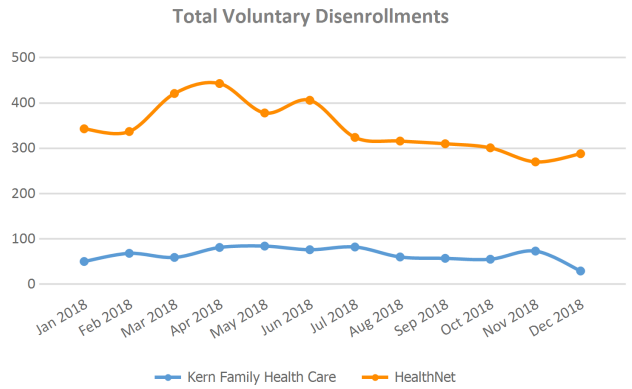
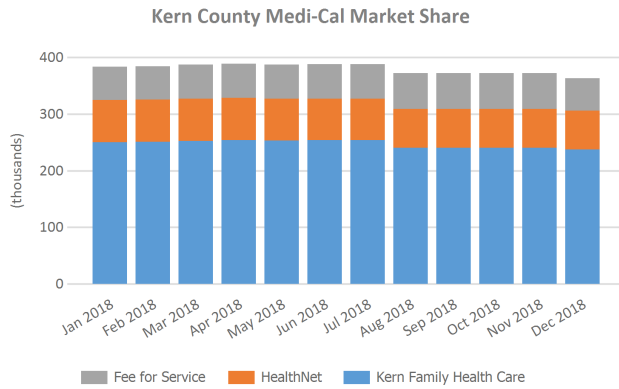
Kern Health Systems

Performance Reports
Operations Metrics



Governed Reporting System

Enrollment - Market Share

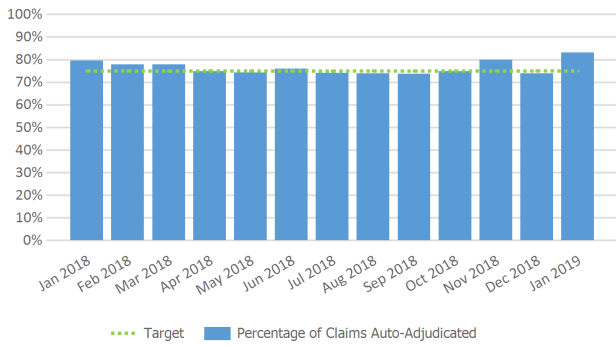




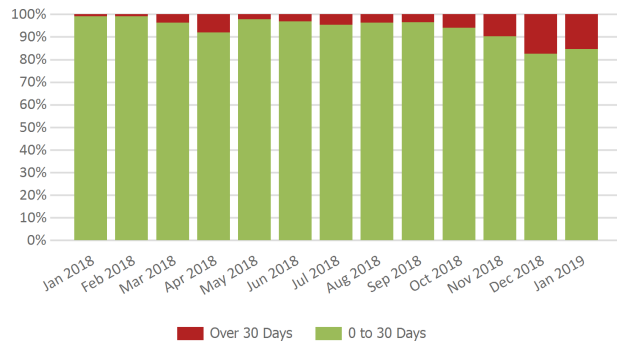
Governed Reporting System

Claims Efficiency and Quality

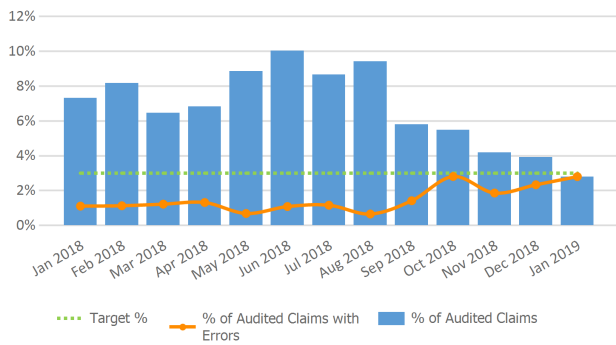
Claims Auto-Adjudication Rates



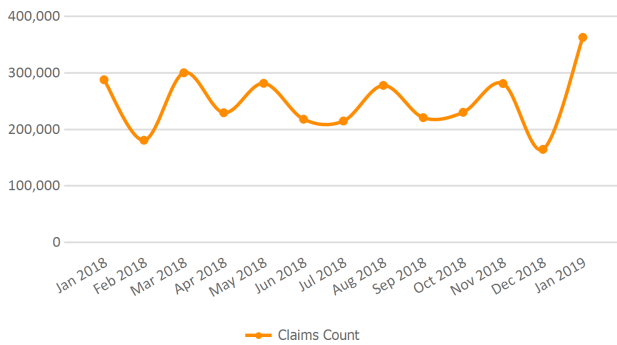
Claims Turnaround Days



Claims Audit Percentage and Accuracy



Claims Processed

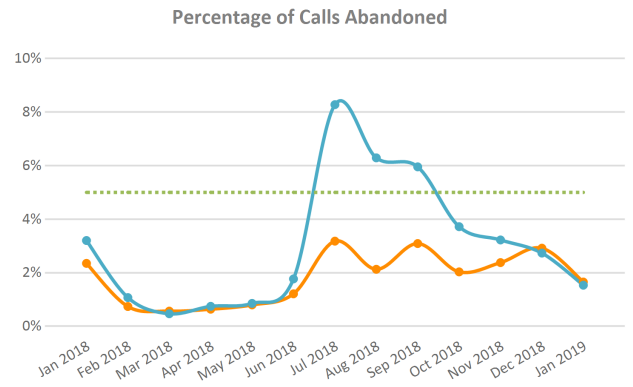
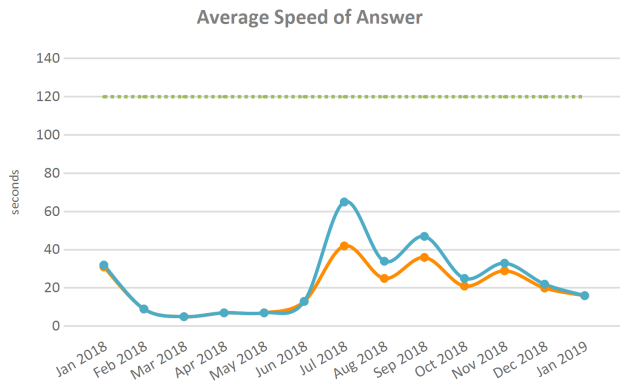
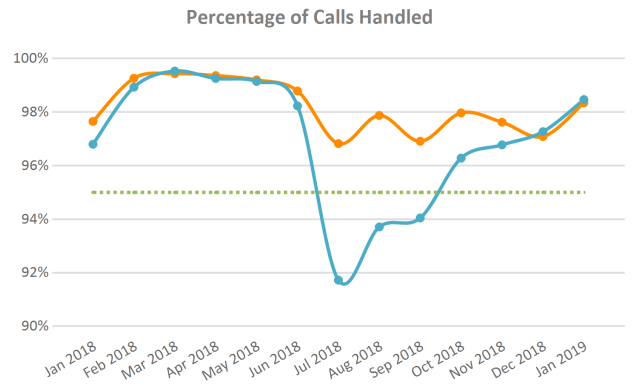
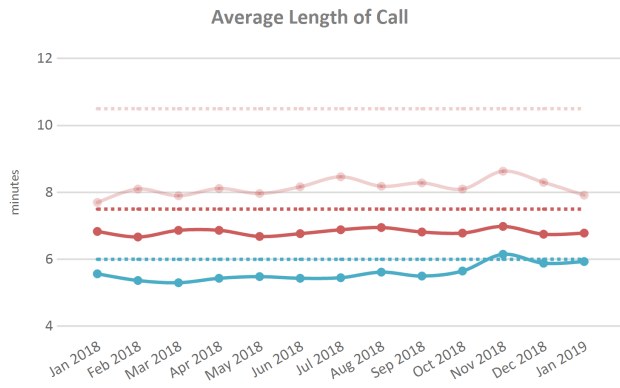




Governed Reporting System

Member Services

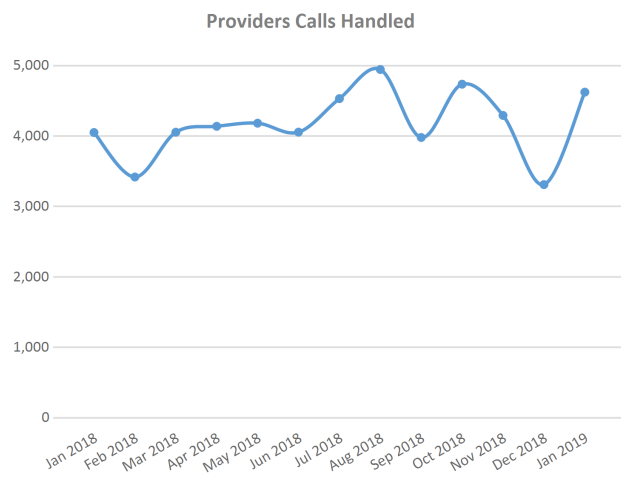
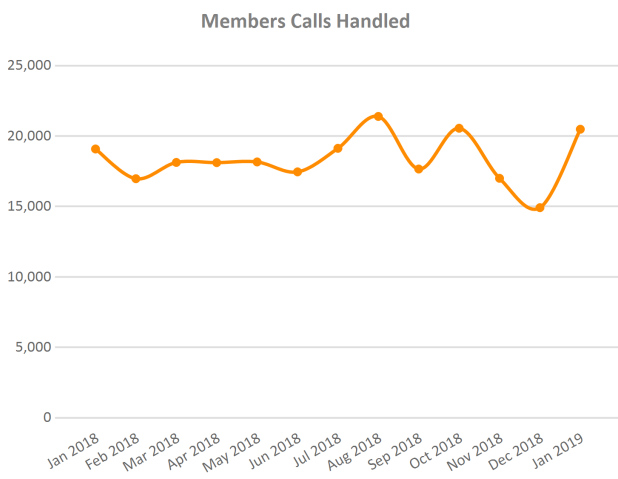
Members Providers Target
 Members - English Members - Spanish





Governed Reporting System

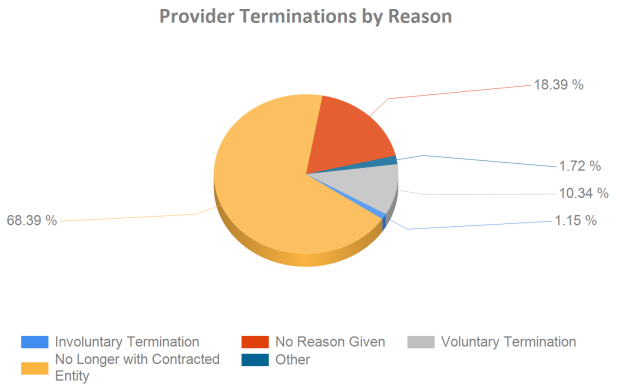
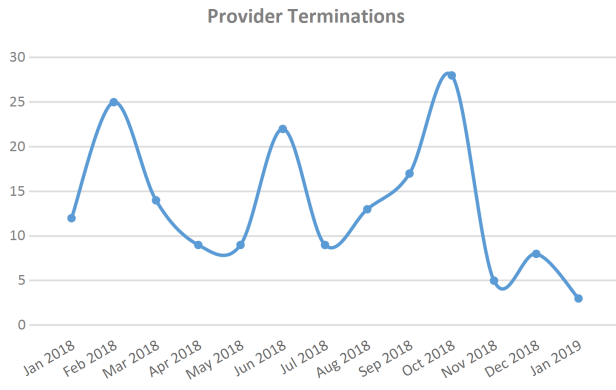
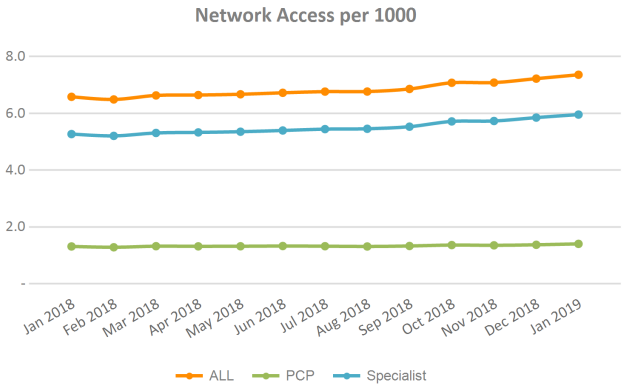
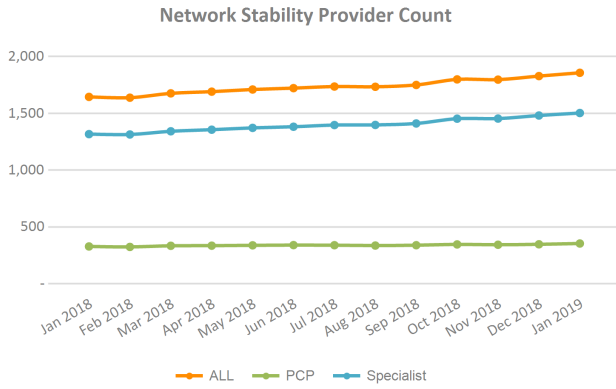
Member Services Calls Handled





Governed Reporting System

Provider Network and Terminations



SUMMARY

FINANCE COMMITTEE MEETING

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

Friday, December 7, 2018

8:00 A.M.

COMMITTEE RECONVENED AT 8:00 A.M.

Members present: Deats, McGlew, Melendez, Rhoades

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

MEMBER DEATS ANNOUNCED THAT HE RECENTLY ATTENDED THE WOUNDED HERO'S FUNDRAISER AND HE SHARE A PHOTO TAKEN AT THE EVENT

- CA-3) Minutes for KHS Finance Committee meeting on October 5, 2018 -
APPROVED
Rhoades-McGlew: All Ayes

- 4) Report on Kern Health Systems investment portfolio for the third quarter ending September 30, 2018 (Fiscal Impact: None) – IRA COHEN, UBS FINANCIAL SERVICES, INC., HEARD;
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-McGlew: All Ayes

- 5) 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) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Rhoades: All Ayes

NOTE: MEMBER MELENDEZ LEFT THE DAIS AT 9:01 A.M. DURING THE DISCUSSION ON ITEM 6 AND DID NOT RETURN

- 6) Proposed Kern Health Systems 2019 Operating and Capital Budgets (Fiscal Impact: None) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-McGlew: 3 Ayes; 1 Absent - Melendez
- 7) Proposed Budget Request for 2019 Project Consulting Professional Services, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$5,321,753; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Rhoades: 3 Ayes; 1 Absent - Melendez
- 8) Proposed Information Technology 2019 New Building Purchases, from January 1, 2019 through December 31, 2019 (Fiscal Impact: \$1,665,250; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-McGlew: 3 Ayes; 1 Absent - Melendez

SUMMARY

Finance Committee Meeting
Kern Health Systems

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- 9) Report on Kern Health Systems financial statements for September 2018 and October 2018 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Rhoades: 3 Ayes; 1 Absent - Melendez

- 10) 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) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-McGlew: 3 Ayes; 1 Absent - Melendez

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

McGlew

