REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, April 11, 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, April 11, 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 February 14, 2019 (Fiscal Impact: None) –
APPROVE

CA-6) Minutes for Kern Health Systems Board of Directors special meeting on March 7, 2019 (Fiscal Impact: None) –
APPROVE

7) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2018 (Fiscal Impact: None) –
APPROVE

8) Report on New Office Building Progress and Expenditures (Fiscal Impact: None) –
RECEIVE AND FILE

9) Report on Kern Health Systems Employee Workplace Satisfaction Survey (Fiscal Impact: None) –
RECEIVE AND FILE

10) Proposed Amendment No. 22 to Physicians Service Agreement and Amendment No. 42 to Hospital and Other Facility Services Agreement with Kern Medical for Medi-Cal Managed Care Capitation Rate Increases pursuant to Intergovernmental Transfers ("IGTs") provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between the County of Kern and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVE

11) Proposed Amendment to Hospital and Other Facility Services Agreement with Kern Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Transfers ("IGTs") provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between Kern Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVE

12) Proposed Amendment to Hospital and Other Facility Services Agreement with Tehachapi Valley Hospital for Medi-Cal Managed Care Capitation Rate Range Increases pursuant to the Intergovernmental Transfers ("IGTs") provided for the period July 1, 2017 through June 30, 2018, pursuant to the transfer of public funds between Tehachapi Valley Healthcare District and the California Department of Health Care Services (Fiscal Impact: None) –
APPROVE

CA-13) Report on 2018 Annual Travel Report (Fiscal Impact: None) –
RECEIVE AND FILE

CA-14) Report on 2018 Annual Report of Disposal Assets (Fiscal Impact: None) –
RECEIVE AND FILE

15) Proposed Agreement with Healthx, Inc., to provide a hosted software solution for a Provider and Member Portal, from May 12, 2019 through May 12, 2022 (Fiscal Impact: $1,411,200 per three year agreement; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

16) Proposed Agreement with Optum, Inc., for the APR DRG Pricing Tool, from April 16, 2019 through April 15, 2024 (Fiscal Impact: $1,923,007 per five year agreement; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

17) Report on Kern Health Systems 2018 Physician Survey (Fiscal Impact: None) –
RECEIVE AND FILE

CA-18) Report on Kern Health Systems Strategic Plan for first quarter ending March 31, 2019 (Fiscal Impact: None) –
RECEIVE AND FILE

19) Report on Kern Health Systems financial statements for December 2018 and January 2019 (Fiscal Impact: None) –
RECEIVE AND FILE

CA-20) Report on Accounts Payable Vendor Report, Administrative Contracts between $30,000 and $100,000 for December 2018 and January 2019 and IT Technology Consulting Resources for January 2019 and February 2019 (Fiscal Impact: None) –
RECEIVE AND FILE

CA-21) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

22) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance report (Fiscal Impact: None) –
RECEIVE AND FILE

CA-23) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVE AND FILE

24) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE

CA-25) Proposed modifications to Kern Health Systems formulary (Fiscal Impact: None) –
APPROVE

ADJOURN TO JUNE 13, 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, February 14, 2019

8:00 A.M.

BOARD RECONVENED

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

Directors absent: Deats, Hoffmann, Hinojosa

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

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

BOARD ACTION SHOWN IN CAPS

ADJOURN TO CLOSED SESSION
Patel

CLOSED SESSION

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

2) Conference with Legal Counsel- Anticipated Litigation (Number of potential cases unknown) – (Government Code Section 54956.9) – SEE RESULTS BELOW

BOARD RECONVENED AT 8:37 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 FEBRUARY 2019** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR JUDD ABSTAINED FROM VOTING ON ESMAIL KHAN GHASRI, JEFFCOACH; DIRECTOR STEWART ABSTAINED FROM VOTING ON CUELLAR, GREWAL, HARTSOCK, MCCONNELLY, REED, RIZK, VARGHESE
Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREDENTIALING FEBRUARY 2019** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREDENTIALING; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON FARBER, MATUK; DIRECTOR JUDD ABSTAINED FROM VOTING ON BUI, LOPEZ, MALERICH, MOTIU; DIRECTOR STEWART ABSTAINED FROM VOTING ON CABRERA, KAURA, LOPEZ, PEREZ

Item No. 2 concerning a Conference with Legal Counsel - Anticipated Litigation (Number of potential cases unknown) – (Government Code Section 54956.9) – HEARD; NO REPORTABLE ACTION 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!
NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on December 13, 2018 (Fiscal Impact: None) –
APPROVED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

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) –
APPROVED
McGlew-Melendez: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

7) Proposed Amendment Increasing Developer's Fee in Agreement with Gregory Bynum and Associates (Fiscal Impact: $864,000; Budgeted) GREGORY BYNUM, GREGORY BYNUM AND ASSOCIATES, HEARD;
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
McGlew-Melendez: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

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) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Judd-McGlew: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

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) –
ADOPTED RESOLUTION
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-10) Proposed New Policy, Use of Kern Health Systems Name and Logo (Fiscal Impact: None) –
APPROVED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-11) Report on Kern Health Systems 2018 Department Goals and Objectives (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-12) Report on Kern Health Systems Strategic Plan for fourth quarter ending December 31, 2018 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-13) Report on KHS investment portfolio for the fourth quarter ending December 31, 2018 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-14) Report on 2018 annual review of KHS Investment Policy (Fiscal Impact: None) – RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

15) Report on Kern Health Systems financial statements for November 2018 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

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) – RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

CA-17) 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-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

NOTE – DIRECTOR PATRICK LEFT THE DAIS AT 9:47 AND DID NOT VOTE ON ITEM 18

18) Report on Kern Health Systems 2018 Member Survey (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-McGlew: 6 Ayes; 4 Absent – Deats, Hoffmann, Hinojosa, Patrick

NOTE – DIRECTOR PATRICK RETURN TO THE DAIS AT 9:49 A.M.

NOTE – DIRECTOR JUDD LEFT THE DAIS AT 9:55 A.M. AND DID NOT RETURN

19) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance report (Fiscal Impact: None) – ALAN AVERY, KHS CHIEF OPERATING OFFICER, PRESENTED THE 4TH QUARTER GRIEVANCE REPORT TO THE BOARD; GRIEVANCES OVERALL FOR THE 4TH QUARTER WERE 17% LOWER THAN THE PREVIOUS QUARTER; MR. AVERY INDICATED THIS DECREASE MAY HAVE BEEN ATTRIBUTED TO THE THANKSGIVING, CHRISTMAS AND NEW YEAR HOLIDAYS; IT IS EXPECTED GRIEVANCES WILL RETURN TO THEIR HISTORICAL TREND IN THE 1ST QUARTER OF 2019; FOLLOWING THE TREND THROUGHOUT 2018, THE PLAN CONTINUES TO SEE SIGNIFICANT ACTIVITY IN THE MEDICAL NECESSITY GRIEVANCES AREA; THE BOARD ASKED WHAT WAS THE SPLIT BETWEEN MEDICAL AND PHARMACY GRIEVANCE; MR. AVERY REPORTED 85% OF THE MEDICAL NECESSITY GRIEVANCES ARE CONCERNING RADIOLOGY REFERRALS (MRI, CT & PET SCANS) AND PAIN MANAGEMENT REFERRALS; THE REMAINING 15% OF THE MEDICAL NECESSITY GRIEVANCES ARE ASSOCIATED WITH DENIAL OF PHARMACY REQUESTS; IN MOST CASES THE PRIMARY REASON FOR DENIAL OF A GRIEVANCE IS THE LACK OF SUPPORTING DOCUMENTATION OF MEDICAL NECESSITY; MR. AVERY ALSO SHARED THE BREAKDOWN BY THE

MAJOR ISSUES AND THE ACTION TAKEN BY THE GRIEVANCE COMMITTEE; OF THE TOTAL 319 GRIEVANCES, 203 OR 65% DECISIONS WERE UPHELD BY THE GRIEVANCE COMMITTEE, 116 OR 35% WERE OVERTURNED AND RULED IN FAVOR OF THE MEMBER; THE QUESTION WAS RAISED WHAT WOULD CAUSE THE GRIEVANCE DECISION TO BE OVERTURNED; MR. AVERY REPORTED THAT IN MOST INSTANCES, THE DECISION IS OVERTURNED WHEN THE MEMBER OR PROVIDER SHARES ADDITIONAL SUPPORTING DOCUMENTATION; HEARD;
RECEIVED AND FILED
Patel-Stewart: 6 Ayes; 4 Absent – Deats, Hoffmann, Hinojosa, Judd

20) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Melendez: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

21) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVED AND FILED
Stewart-Melendez: 6 Ayes; 4 Absent – Deats, Hoffmann, Hinojosa, Judd

CA-22) Miscellaneous Documents –
RECEIVED AND FILED
Patrick-Judd: 7 Ayes; 3 Absent – Deats, Hoffmann, Hinojosa

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

ADJOURN TO APRIL 11, 2019 AT 8:00 A.M.
Melendez

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

SUMMARY

BOARD OF DIRECTORS

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

Special Meeting
Thursday, March 7, 2019

9:00 A.M.

BOARD RECONVENED

Directors present: Rhoades, McGlew, Deats, Hinojosa (call-in), Patel, Patrick, Stewart

Directors absent: Hoffmann, Judd, Melendez

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

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

BOARD ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

1) This portion of the meeting is reserved for persons to address the Board on any matter which has been described in the notice (agenda) for the meeting before or after consideration of that item. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU!
NO ONE HEARD

2) Proposed sale of surplus real property to JACO Oil Company (Fiscal Impact: $9,200,000) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO ACCEPT OFFER FROM QUALIFIED, HIGHEST BIDDER JACO OIL COMPANY IN THE AMOUNT OF $9,200,000; AUTHORIZED CHIEF EXECUTIVE OFFICER TO NEGOTIATE, FINALIZE AND EXECUTE PURCHASE AND SALE AGREEMENT AND LEASE BACK AGREEMENT BETWEEN JACO AND KERN HEALTH SYSTEMS SUBJECT TO APPROVAL AS TO FORM BY COUNSEL
Patrick-Deats: 7 Ayes; 3 Absent – Hoffmann, Judd, Melendez

ADJOURN TO APRIL 11, 2019 AT 8:00 A.M.
Deats

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

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 11, 2019

Re: Report by Daniells Phillips Vaughan & Bock Regarding the 2018 Audit

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Representatives from the accounting firm Daniells Phillips Vaughan & Bock will be present to report on the 2018 audit. Attached for your review are the December 31, 2018 audited financial statements for Kern Health Systems.

Requested Action

Approve audited financial statements.

KERN HEALTH SYSTEMS

FINANCIAL REPORT

DECEMBER 31, 2018

KERN HEALTH SYSTEMS

FINANCIAL REPORT

DECEMBER 31, 2018

CONTENTS

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Health Systems
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of **Kern Health Systems**, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

300 New Stine Road – Bakersfield, CA 93309 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Kern Health Systems**, as of December 31, 2018 and 2017, and the changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of pension contributions on pages 3-9 and 35-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the **Kern Health Systems**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Kern Health Systems**' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Kern Health Systems**' internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 28, 2019

KERN HEALTH SYSTEMS

Management's Discussion and Analysis

Our discussion and analysis of Kern Health Systems' ("KHS", "We", "Us", "Our") financial performance provides an overview of KHS' financial activities for the calendar years ended December 31, 2018 and 2017. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 10.

Overview:

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services ("DHCS") is the single state agency responsible for administering Medi-Cal. In 2018 and 2017, KHS received over 99% of its operating revenue from the State of California. KHS is committed to continually improving the quality of care and service to its members, and to help them access the right care at the right time in the appropriate setting.

In general, KHS members are required to use the KHS provider network to receive care. KHS contracts with various health care providers for the provision of medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. Primary Care Physicians (PCPs) play an integral role in coordinating and managing the care of KHS members by delivering preventive services as well as referring members to other providers for medically necessary services. PCPs are typically trained in internal medicine, pediatrics, family practice and general practice. KHS compensates most of its providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided and incurs costs based on the actual utilization of services. Additionally, KHS works with the provider network to operate efficiently by providing financial and utilization information, physician and patient educational programs, and disease and medical management programs. In 2018 and 2017, KHS paid approximately 94% and 92%, respectively, of its revenue to providers.

KHS seeks to improve the quality of care delivered by its network providers by continual focus on:

- Provider access
- Preventive health and wellness
- Care and disease management
- Provider credentialing
- Provider education and incentives for closing care gaps
- Member education and outreach
- Information technology initiatives related to the above activities
- Advocacy and community-based programs.

KHS' mission is dedicated to improving the health status of its members through an integrated managed health care delivery system. KHS is focused on preventive health, wellness and a population health management model that coordinates medical, behavioral, social, and pharmacy programs to provide quality care.

Financial Highlights:

- Our net position increased in 2018 by $11,089,149 or approximately 5.8% while in 2017 our net position increased by $19,326,247 or 11.3%. The Expansion population, which began to phase in as of 2014, experienced a 2.9% membership growth from the end of 2017 to the end of 2018, compared to a 5.0% membership growth from the end of 2016 to the end of 2017.

- Our Medi-Cal enrollment growth showed an average monthly increase of 5,800 members or 2.4% in 2018 compared to 2017. This compared to an average monthly increase of 12,444 members or 5.5% in 2017 compared to 2016. The decrease in average monthly membership was largely due to the continued declining growth of the Expansion population in 2018. During 2018 we added approximately 1,667 additional Expansion members compared to 2017, which added approximately 2,734 additional Expansion members compared to 2016.

- We have a capitated arrangement required by the California Department of Health Care Services (DHCS) with another health plan which allows for that plan to provide health care services for assigned members. Assigned membership to this other health plan was approximately 8,286 members at the end of 2018 compared to 7,890 members at the end of 2017. As we have no obligation to provide care for this population, the Premiums earned amount reported for the years ended December 31, 2018 and 2017 is net of the $16.1 million and $14.4 million, respectively, of associated capitated expense and the member months shown have been adjusted to remove capitated member months.

- We reported an operating income of $8,476,595 or $2.89 PMPM in 2018 and operating income of $18,321,527 or $6.36 PMPM in 2017. The operating income in 2018 is largely due to the adequate reimbursement rate received for Expansion members from DHCS. The revenue received for Expansion members was $297.0 million or approximately 37.6% of Premiums earned in 2018 compared to $282.2 million or approximately 38.5% of Premium revenue in 2017. The MLR for the Expansion population was 92.0% for 2018 and 82.8% for 2017.

- Managed Care Organization (MCO) Tax Revenues of $94,833,087 or $32.16 PMPM are included in premiums earned in 2018 and $90,964,541 or $31.60 PMPM in 2017. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax methodology changed from a 3.9375% of premium revenue to a fixed PMPM rate. The rate was $30.87 PMPM for the period July 1, 2017 to June 30, 2018 and $31.50 PMPM for the period July 1, 2018 to June 30, 2019. The tax amounts are based on projected membership and MCO expense is payable quarterly. MCO Tax Expense is reported as an operating expense and was $94,216,985 or $31.95 PMPM in 2018 and $89,469,376 or $31.08 PMPM in 2017.

- The increase in nonoperating income (expenses) of $1,607,834 between 2018 and 2017 is primarily attributable to an increase in investment and other income of $2,564,837 and an increase in Community Grant expense of $974,409 for a net increase of $1,590,428. The increase in Community Grant expense was due to continued payments made in 2018 to contracted providers under the Health Home program.

- We continued with incentives and accrued approximately $5.9 million to reward providers who demonstrate improved Healthcare Effectiveness Data and Information (HEDIS) outcomes.

Operational Highlights:

As part of fulfilling our mission KHS engaged in the following activities during 2018:

- Continued working with Kern Medical Authority, Clinica Sierra Vista, Omni Family Health and selected other local providers to establish Health Home Delivery sites in geographically desirable areas throughout Kern County. Dignity Health and Premier Medical group opened sites in 2018. The Health Home program is improving the quality of care and services provided to KHS members and assists them in accessing the right care at the right time in the appropriate setting by offering preventive health, wellness and integrated care management models incorporating medical, behavioral, social, and pharmacy programs. The DHCS State Health Home program is slated to go live for Kern County on July 1, 2019. We continue to work with the State to ensure KHS is in compliance with all requirements.

- Finalized implementation of five clinical departments into the Medical Management system to provide a member centric, single integrated patient care platform towards total population health management.

- Implemented the new State mandated Palliative Care benefit consisting of patient and family-centered care that optimizes quality of life by anticipating, preventing, and treating suffering. KHS provides palliative care through a multi-disciplinary approach that addresses the medical and psychosocial needs of both adult and pediatric KHS membership.

- Expanded access to offer Transitional Care programs. The programs are designed to create robust post-acute discharge coordination and develop cross-system transfer of care protocols. The programs have demonstrated improved quality and cost outcomes for high-risk adults through reductions in preventable hospital readmissions; improvements in health outcomes; enhanced patient experience with care; and a reduction in total health care costs.

- Improved our claims editing software which integrates with our core system (QNXT) and has increased configuration options and will assist KHS to increase claims auto adjudication rates.

- Enhanced our Member Portal to allow for KHS members calling the Member Services Department to be managed entirely by the member using the self-help tools in the portal.

- Continued to strengthen access to quality care by expanding our physician network throughout Kern County.

- Finalized several technology and system implementations that have allowed the organization to dynamically and seamlessly grow its operations. Additionally, the Information Technology team continued its support for the organization's 2018 project portfolio. The centralized Business Intelligence (BI) department provides analytics and reporting for KHS and delivered an external dashboard solution to the provider network that the Clinical Engagement team will use during provider outreach to promote clinical outcomes.

- Awarded grant funds to six public schools in Kern County to implement School Wellness Programs. Program successes included student improvement in the areas of physical fitness, obesity, water consumption, student discipline, and knowledge on nutrition, physical activity and safety.

- ❖ Donated funds and participated in 66 community events throughout Kern County. Through our support of these activities, we brought value enhanced benefits to our enrolled population as many of our members receive assistance from programs and services made possible by our sponsorship of these community-based events.

- ❖ Continued construction on the new corporate office which is expected to be completed during the fall of 2019.

Using this Annual Report

Our financial statements consist of three statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These financial statements and related notes provide information about the activities of KHS.

The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about our finances is, “Is KHS as a whole better or worse off as a result of the year’s activities?” The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about our resources and activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report our net position and changes in it. Our net position, the difference between the assets and liabilities, is one way to measure our financial health. Over time, increases or decreases in net position indicate whether our financial health is improving or deteriorating. Non-financial factors, however, such as changes in member base and measures of the quality of service to members should be considered in evaluating the overall health of KHS.

The Statements of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as “Where did cash come from?” “What was cash used for?” and “What was the change in cash balance during the reporting period?”

Condensed Financial Information

Statements of Net Position

KHS' net position is the difference between its assets and liabilities reported in the Statement of Net Position. Our net position increased in 2018 and 2017 by $11,089,149 and $19,326,247, respectively. Our Statements of Net Position as of December 31, 2018, 2017, and 2016 are as follows:

	2018	2017	2016
Assets			
Current assets	$ 327,383,667	$ 308,163,303	$ 320,753,234
Capital assets, net	55,937,228	27,805,377	22,243,033
Other assets	1,004,750	985,084	300,000
Total Assets	$ 384,325,645	$ 336,953,764	$ 343,296,267
Deferred Outflows of Resources	$ 2,657,573	$ 2,890,063	$ 4,540,339
Liabilities			
Accrued medical services payable	$ 142,516,255	$ 133,579,261	$ 110,076,289
Accrued expenses	36,606,228	9,369,046	59,935,224
Net pension liability	5,865,463	6,082,752	4,769,187
Total Liabilities	$ 184,987,946	$ 149,031,059	$ 174,780,700
Deferred Inflows of Resources	$ 364,304	$ 270,949	$ 1,840,334
Net Position			
Net investment in capital assets	$ 55,937,228	$ 27,805,377	$ 22,243,033
Restricted	300,000	300,000	300,000
Unrestricted	145,393,740	162,436,442	148,672,539
Total Net Position	$ 201,630,968	$ 190,541,819	$ 171,215,572

KHS' net position for 2018, 2017, and 2018 exceeded all regulatory requirements for Tangible Net Equity (TNE).

Statements of Revenues, Expenses and Changes in Net Position

Operating results and changes in our net position show an increase in net position of $11,089,149 and $19,326,247 for the years ended December 31, 2018 and 2017, respectively. The increases are made up of various different components as outlined below:

	2018	2017	2016	2018	2017	2016
Enrollment						
Total member months				3,047,435	2,970,826	2,804,130
Less non-risk capitated member months				(99,006)	(92,005)	(74,638)
Net member months				2,948,429	2,878,821	2,729,492
Average monthly members				245,702	239,902	227,458
				Per Member Per Month in Dollars		
Operating Revenue						
Premiums earned	$ 790,046,475	$ 733,671,864	$ 673,829,781	$ 267.96	$ 254.85	$ 246.87
Other operating revenue	1,859,982	2,247,354	647,403	0.63	0.78	0.24
Total operating revenue	791,906,457	735,919,218	674,477,184	268.59	255.63	247.11
Operating Expenses						
Medical and hospital	652,587,721	592,656,870	524,098,088	221.33	205.87	192.01
MCO premium tax	94,216,985	89,469,376	58,966,477	31.95	31.08	21.60
Administrative	35,094,430	33,936,895	28,817,033	11.90	11.79	10.56
Depreciation	1,530,726	1,534,550	1,474,642	0.52	0.53	0.54
Total operating expenses	783,429,862	717,597,691	613,356,240	265.70	249.27	224.71
Operating income	8,476,595	18,321,527	61,120,944	2.89	6.36	22.40
Nonoperating Revenue (Expenses)						
Investment and other income	4,981,825	2,416,988	384,617	1.69	0.84	0.14
(Loss) on sale of assets	(2,315)	(19,721)	(3,011)	(0.00)	(0.01)	(0.00)
Community grants	(2,366,956)	(1,392,547)	(220,405)	(0.80)	(0.48)	(0.08)
Total nonoperating revenue (expenses)	2,612,554	1,004,720	161,201	0.89	0.35	0.06
Changes in net position	11,089,149	19,326,247	61,282,145	3.78	6.71	22.46
Net position, beginning	190,541,819	171,215,572	109,933,427	64.62	59.47	40.28
Net position, ending	$ 201,630,968	$ 190,541,819	$ 171,215,572	$ 68.40	$ 66.18	$ 62.74

Operating Income and Losses

The first component of the overall change in net position is our operating income. This is the difference between the premiums earned and the cost of medical services. We earned operating income for the years ended December 31, 2018 and 2017 of $8,476,595 and $18,321,527, respectively.

The primary components of the operating income for 2018 are:

- Premiums earned increased $56,374,611 or $13.11 PMPM in 2018. Approximately $26.9 million or $9.13 PMPM is attributed to Proposition 56 tobacco tax revenue received in 2018 for the purpose of providing supplemental payments to providers for qualifying categories of health expenditures and was payable for dates of service beginning July 1, 2017. Approximately $23.2 million or $3.09 PMPM is due to increases in monthly premium capitation rates between 2018 and 2017 and approximately $4.5 million or $1.45 PMPM is due to increases in prior year retroactive rate adjustments, including AB85 to cost adjustments.

- The Medi-Cal average monthly membership increased by 5,800 members or 2.4% over 2017 due primarily to increased Expansion membership.

- The medical and hospital services costs increased by $59,930,851 and $15.46 PMPM between 2018 and 2017. This increase is attributed to supplemental provider payments payable under Proposition 56, increased utilization of services, provider contract rate increases, and new requirements to cover new benefits and expand services. The Medical Loss ratio (Medical and Hospital Services expense as a percentage of Total Operating Revenue excluding MCO tax revenue) was 93.6% in 2018 and 91.9% in 2017.

- Administrative expenses increased by $1,157,535 or $0.11 PMPM over 2017 which is attributed to the increase in salaries and benefits for additional staff needed to meet the needs of the organization and regulatory requirements in 2018. Administrative expense as a percentage of total Operating Revenue (excluding MCO tax revenue) was 5.0% in 2018 compared to 5.3% in 2017.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consisted primarily of investment income and community grants. In 2018, interest and dividend earnings, as well as unrealized gains from investments increased resulting in a $2,564,837 increase from 2017. Community grant expense increased $974,409 in 2018 from 2017 due to additional payments made to contracted providers under the Health Home program.

KHS' Cash Flow

Changes in KHS' cash flows are consistent with changes in operating income and nonoperating revenues and expenses and are reflective of timing differences pertaining to payment of accrued medical services and paid rates.

General Economic and Political Environment Factors

Our continued growth may be affected by a variety of factors, including macro-economic conditions and enacted health care reforms that could affect our results of operations. Our operations depend primarily on the continuation of our contract with and funding by the State for the Two-Plan Model of the Medi-Cal Managed Care Program. We believe that the State and Federal Governments are committed to keeping these programs in place, but they will continue to look for budgetary savings through reductions in health care costs.

Contacting KHS' Financial Management

This financial report is designed to provide our members, providers, suppliers, regulatory agencies, taxpayers, and creditors with a general overview of KHS' finances and show KHS' accountability for the money it receives. If you have questions about this report or need additional financial information please contact Robert Landis, CFO, Kern Health Systems, at 9700 Stockdale Hwy, Bakersfield, California 93311.

KERN HEALTH SYSTEMS

STATEMENTS OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 90,795,197**	$ 103,754,489
Investments (Notes 2 and 3)	**140,111,838**	148,230,601
Premiums receivable	**93,261,229**	53,282,986
Other receivables (Note 4)	**1,523,542**	1,649,590
Prepaid expenses	**1,691,861**	1,245,637
Total current assets	**327,383,667**	308,163,303
Capital Assets (Note 5)		
Land	**4,876,562**	4,876,562
Buildings and improvements	**10,323,166**	10,323,166
Furniture and equipment	**20,218,585**	15,702,228
Capital projects in process	**34,609,177**	9,713,334
	70,027,490	40,615,290
Less accumulated depreciation	**14,090,262**	12,809,913
	55,937,228	27,805,377
Other Assets		
Restricted investments (Notes 2, 3 and 9)	**300,000**	300,000
Split dollar life insurance (Note 6)	**704,750**	685,084
	1,004,750	985,084
Total assets	**384,325,645**	336,953,764
Deferred Outflows of Resources (Note 10)	**2,657,573**	2,890,063
Total assets and deferred outflows of resources	**$ 386,983,218**	$ 339,843,827
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued medical services payable (Note 7)	**$ 142,516,255**	$ 133,579,261
Accrued expenses (Note 8)	**36,606,228**	9,369,046
Total current liabilities	**179,122,483**	142,948,307
Noncurrent Liabilities		
Net pension liability (Note 10)	**5,865,463**	6,082,752
Commitments and Contingencies (Note 12)		
Deferred Inflows of Resources (Note 10)	**364,304**	270,949
Net Position		
Net investment in capital assets	**55,937,228**	27,805,377
Restricted (Note 9)	**300,000**	300,000
Unrestricted	**145,393,740**	162,436,442
Total net position	**201,630,968**	190,541,819
Total liabilities, deferred inflows of resources and net position	**$ 386,983,218**	$ 339,843,827

See Notes to Financial Statements.

KERN HEALTH SYSTEMS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenue		
Premiums earned	**$ 790,046,475**	$ 733,671,864
Stop-loss insurance recoveries (Note 11)	**1,859,982**	2,247,354
Total operating revenue	**791,906,457**	735,919,218
Operating Expenses		
Medical and hospital	**652,587,721**	592,656,870
MCO premium tax	**94,216,985**	89,469,376
Administrative	**35,094,430**	33,936,895
Depreciation	**1,530,726**	1,534,550
Total operating expenses	**783,429,862**	717,597,691
Operating income	**8,476,595**	18,321,527
Nonoperating Revenue (Expenses)		
Investment and other income	**4,981,825**	2,416,988
(Loss) on sale of assets	**(2,315)**	(19,721)
Community grants	**(2,366,956)**	(1,392,547)
Total nonoperating revenue (expenses)	**2,612,554**	1,004,720
Change in net position	**11,089,149**	19,326,247
Net position, beginning	**190,541,819**	171,215,572
Net position, ending	**$ 201,630,968**	$ 190,541,819

See Notes to Financial Statements.

KERN HEALTH SYSTEMS

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Premiums received	**$ 751,339,951**	$ 688,438,391
Stop-loss insurance recoveries	**2,641,061**	1,531,159
Medical and hospital payments	**(644,111,994)**	(568,944,398)
Administrative expenses paid	**(33,796,809)**	(38,927,294)
MCO premium tax expense paid	**(69,868,803)**	(113,624,620)
Net cash provided by (used in) operating activities	**6,203,406**	(31,526,762)
Cash Flows From Noncapital Financing Activities		
Community grants	**(2,366,956)**	(1,392,547)
Nonoperating income	**244,964**	633
Net cash (used in) noncapital financing activities	**(2,121,992)**	(1,391,914)
Cash Flows From Capital And Related Financing Activities		
Acquisition of capital assets -		
Net cash (used in) capital and related financing activities	**(29,664,892)**	(7,116,615)
Cash Flows From Investing Activities		
Net purchases of investments	**(932,229,626)**	(1,438,858,903)
Proceeds from maturities of investments	**944,873,478**	1,381,137,890
Payment for split dollar life insurance	**(19,666)**	(774,526)
Net cash provided by (used in) investing activities	**12,624,186**	(58,495,539)
Net (decrease) in cash and cash equivalents	**(12,959,292)**	(98,530,830)
Cash and cash equivalents:		
Beginning	**103,754,489**	202,285,319
Ending	**$ 90,795,197**	$ 103,754,489

See Notes to Financial Statements.

	2018	2017
Reconciliation of operating activities to net cash provided by (used in) operating activities		
Operating income	**$ 8,476,595**	$ 18,321,527
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	**1,530,726**	1,534,550
Loss on sale of assets	**2,315**	19,721
Changes in:		
Deferred outflows of resources	**232,490**	1,650,276
Net pension liability	**(217,289)**	1,313,565
Deferred inflows of resources	**93,355**	(1,569,385)
Changes in working capital components:		
(Increase) in:		
Premiums receivable and other receivables	**(39,642,738)**	(25,373,768)
Prepaid expenses	**(446,224)**	(360,042)
Increase (decrease) in:		
Accrued medical services payable	**8,936,994**	23,502,972
Accrued expenses	**27,237,182**	(50,566,178)
Net cash provided by (used in) operating activities	**$ 6,203,406**	$ (31,526,762)

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: Kern Health Systems (KHS) was originally formed on August 17, 1993, as a non-profit public benefit corporation. It was later dissolved and converted into a County health authority for the purpose of establishing and operating a comprehensive managed care system to provide health care services; to meet the health care needs of low-income families and individuals in the County of Kern; to demonstrate ways of promoting quality care and cost efficiency; to negotiate and enter into contracts authorized by Welfare and Institutions Code Section 14087.3; to arrange for the provision of health care services provided pursuant to Chapter 7, of Part 3, of Division 9 (commencing with Section 14000) of the Welfare and Institutions Code; and to do all things reasonably related or incidental to those purposes. On December 6, 1994, the County of Kern Board of Supervisors enacted Chapter 2.94 of the Ordinance Code, creating KHS as the County health authority.

A summary of KHS' significant accounting policies follows:

Accounting policies: KHS uses the accrual basis of accounting. The accompanying financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB). In addition, KHS follows the provisions of the American Institute of Certified Public Accountants *Audit and Accounting Guide, Health Care Organizations.*

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates with respect to KHS' financial statements include the various components of accrued medical services payable, the deferred outflows and inflows of resources, and the net pension liability.

Cash and cash equivalents: Cash and cash equivalents include highly liquid instruments with an original maturity of three months or less when purchased.

Investments valuation and income recognition: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of net position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value measurements.

Capital assets: Capital assets are stated at cost. Depreciation is computed by the straight-line method over the estimated service lives of the related assets, which are as follows:

	Years
Buildings and improvements	10-40
Furniture and equipment	3-5

KHS' capitalization policy is to capitalize all items with a unit cost greater than $1,000 with the exception of computer software which has a per unit capitalization of $5,000 and an expected useful life of greater than one year. Items that do not meet KHS' capitalization policy and that do not have a useful life of greater than one year are expensed in the period incurred.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Accrued compensated absences: KHS employees earn personal time off (PTO) on a bi-weekly or bi-monthly basis at various rates based on continuous years of service. Employees are allowed to accumulate up to two times their annual benefit rate before accruals cease. Unused PTO is carried forward into subsequent years. Any unused accumulated balance will be paid to the employee upon separation of service. Compensated balances are accrued and recorded in accordance with GASB Codification Section C60.

Net position: The basic financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net investment in capital assets* consists of capital assets net of accumulated depreciation, reduced by the current balance of any outstanding borrowings used to finance the purchase or construction of those assets.

- *Restricted* net position is non-capital net position that must be used for a particular purpose, as specified by regulators, creditors, grantors, or contributors external to KHS.

- *Unrestricted* net position is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses: KHS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering services in connection with KHS' principal ongoing operations. The principal operating revenues of KHS are premium revenue received from the California Department of Health Care Services (DHCS). Operating expenses include the cost of medical and hospital services provided to members and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In 2013, KHS entered into a capitated agreement required by the DHCS with another Health Plan which allows for that plan to provide health care services for their assigned members. As KHS had no obligation to provide care for this population, the Premiums earned amount included as part of operating revenue is reported net of the capitated expense associated with assigned members. Capitated expense was $16.1 million for 8,286 members assigned for the year ended December 31, 2018 and was $14.4 million for 7,890 members assigned for the year ended December 31, 2017.

Premiums revenue: Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange pay for manage health care services provided to KHS members. Premium revenue is fixed in advance of the periods covered on a per member per month (PMPM) basis and are generally not subject to significant accounting estimates. Premium payments received from DHCS are based on an eligibility list produced by DHCS. Premium payments are required to be returned if DHCS later discovers that the eligibility list contains individuals who were not eligible. KHS' PMPM rates are typically adjusted annually. KHS receives premium revenue in the form of a "maternity kick payment" which is a one-time payment for the delivery of a child. For the years ended December 31, 2018 and 2017 maternity kick payments in the amount of $30.2 million or 3.8% and $31.1 million or 4.2%, respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Hepatitis C kick payment" based on the utilization of certain classes of Hepatitis C drugs prescribed. For the years ended December 31, 2018 and 2017 Hepatitis C payments in the amount of $7.3 million or 0.9% and $11.8 million or 1.6%, respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Behavioral Health Treatment kick payment" based on the utilization by its members diagnosed with specific Autism criteria. For the years ended December 31, 2018 and 2017 Behavioral Health Treatment payments in the amount of $7.9 million or 1.0% and $4.5 million or 0.6%, respectively, of total premium revenue were recognized. KHS also receives revenue in the form of a "Proposition 56 Supplemental Payment" derived from tobacco tax funds to be paid for certain specified eligible CPT procedure codes. For the year ended December 31, 2018 Proposition 56 payments in the amount of $26.9 million or 3.4% of total premium revenue were recognized. No Proposition 56 payments were recognized for the year ended December 31, 2017.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Premiums are also subject to prior year retroactive rate adjustments based on actual and expected health care costs and are recognized when known in the current year. For the years ended December 31, 2018 and 2017 KHS recognized $15.3 million or 1.9% and $10.8 million or 1.5%, respectively, of premium revenue as a result of retroactive rate adjustments.

KHS' premiums may be periodically amended to include or exclude certain health benefits such as pharmacy and behavioral health services or to cover a new population of members such as seniors and persons with disabilities (SPD) or expansion members.

Health care service cost recognition: KHS contracts with various health care providers for the provision of certain medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. KHS compensates most of these providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided along with the costs incurred based on the actual utilization of services. The cost of health care services provided but unpaid is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported to KHS. KHS also includes certain medically-related administrative costs such as preventative health and wellness, care management, and other quality improvement costs under medical care services. KHS funds a provider performance quality incentive pool on a per member per month basis (PMPM). Provider participation is based on the similar Healthcare Effectiveness Data and Information Set (HEDIS) scores that DHCS uses to measure KHS in determining member assignment. KHS determines the level of provider participation based on HEDIS scores, with any remaining funds in the pool allocated to the following year incentive pool, community grants, or other quality improvement projects. Additionally, for the years ended December 31, 2018 and 2017, KHS recognized $1.8 million and $1.4 million, respectively, in pharmacy rebates from its pharmacy benefit manager that were received from pharmaceutical manufacturers which have been subtracted from pharmacy expense amounts.

Income taxes: KHS is exempt from Federal and State income taxes pursuant to Internal Revenue Code (IRC) Section 115 and similar provisions of the California Franchise Tax Code and is also exempt from Federal and State income tax filing requirements.

Managed Care Organization Premium taxes: In 2009 California enacted the Managed Care Organization (MCO) tax under Senate Bill 78 (SB 78). Effective July 1, 2013, under Assembly Bill 1422 (AB 1422), the MCO tax rate was increased to 3.9375% and payable to the California State Board of Equalization. Premium taxes were assessed based on the premium revenue collected. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax rate is payable to DHCS on a quarterly basis based on projected annual membership. MCO Tax Revenue is received from DHCS monthly based on actual membership on a per member per month fixed dollar amount. This change in MCO tax methodology puts KHS at risk if the assumed membership used in the calculated tax expense is different than the actual membership KHS experiences during the rate year. The premium revenues received include the premium tax assessment. These amounts are reported on a gross basis and are included in total operating revenues with the MCO tax expense presented separate from all other medical and administrative expense.

Risk management: KHS is exposed to various risks of loss from Health Insurance Portability and Accountability Act (HIPAA) violations; data breaches from cyber-attacks; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Pass-through funding from DHCS: During the years ended December 31, 2018 and 2017, KHS received $69.2 million and $124.3 million, respectively, of supplemental fee revenue from DHCS. KHS passes these funds through to the designated hospitals and providers. This amount is not reflected in the statements of revenues, expenses and changes in net position for the years ended December 31, 2018 and 2017, as this pass-through amount does not meet the requirements for revenue recognition under Government Accounting Standards.

KERN HEALTH SYSTEMS

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Advertising: KHS expenses advertising costs as they are incurred. Advertising expense totaled $574,916 and $549,671 for the years ended December 31, 2018 and 2017, respectively.

Subsequent events: KHS has evaluated subsequent events through March 28, 2019, the date on which the financial statements were available to be issued. Management has identified a subsequent event which is described in Note 14.

Reclassifications: Certain items in the 2017 financial statements have been reclassified to conform to the 2018 presentation, with no effect on change in net position.

The Coordination of Benefits (COB) process relates to members having one or more additional sources of health care coverage that has been identified where Medi-Cal is not primary. KHS previously reported COB at gross in both the total operating revenue and the cost of claims included in medical and hospital operating expenses. In 2018, KHS began reporting medical expenses net of COB to show the actual net cost of claim expenses recognized by the Plan. COB/subrogation revenue of $45 million reported for the year ended December 31, 2017 has been reclassified and included as a reduction in medical and hospital expenses to conform to the 2018 presentation, with no effect on change in net position.

Authoritative pronouncements not yet adopted: The following statements issued by the Governmental Accounting Standards Board (GASB) are effective for years ending after December 31, 2018 and management is evaluating the impact of the implementation of these statements on their financial statements.

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of this Statement.
    - This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs;
    - This Statement requires that recognition occur when the liability is both incurred and reasonably estimable;
    - This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred;
    - This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement;
    - This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually;
    - This Statement requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays;
    - This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

  The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

  The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

  The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged.

- In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

  The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

  The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Note 2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments at December 31, 2018 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:	
Deposits	$ 1,755,806
LAIF and money market funds	89,039,191
Cash on hand	200
Total cash and cash equivalents	$ 90,795,197

	Cost	Fair Value
Investments:		
Unrestricted:		
Certificates of deposit	$ 712,374	$ 715,656
Corporate bonds and notes	26,483,186	27,337,005
Municipal bonds and notes	6,681,192	6,666,656
Government agency bonds and notes	105,728,920	105,392,521
Total unrestricted	139,605,672	140,111,838
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	$139,905,672	$140,411,838

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Cash, cash equivalents and investments at December 31, 2017 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:		
Deposits		$ 9,138,986
LAIF and money market funds		94,615,303
Cash on hand		200
Total cash and cash equivalents		$103,754,489
	Cost	Fair Value
Investments:		
Unrestricted:		
Certificates of deposit	$ 2,250,000	$ 2,245,565
Corporate bonds and notes	48,224,288	48,156,079
Municipal bonds and notes	7,773,074	7,807,906
Government agency bonds and notes	90,808,760	90,021,051
Total unrestricted	149,056,122	148,230,601
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	$149,356,122	$148,530,601

Investments are principally held in debt securities and are classified as current assets without regard to the securities' contractual dates because they may be readily liquidated. The securities are recorded at fair value with unrealized gains and losses, if any, recorded on a quarterly basis.

Deposits are carried at cost plus accrued interest. The bank balances are protected by a combination of FDIC insurance and the bank's collateral pool, in accordance with California Government Code.

Investments Authorized by KHS' Investment Policy

The investment portfolio is managed by KHS' Chief Financial Officer (CFO) to meet the short and long-term obligations of the business while maintaining liquidity and financial flexibility. Investments managed by the CFO are invested in accordance with KHS' investment policy and are reviewed by the KHS Board of Directors and the KHS Finance Committee quarterly. The investment policy stipulates the following order of investment objectives:

- Preservation of principal
- Liquidity
- Yield

Permitted investments are subject to a maximum maturity of five years. The investment portfolio is designed to attain a market-average rate of return through economic cycles given an acceptable level of risk. Additionally, under the supervision of the CFO, a portion of the investment portfolio is managed by an investment manager that adheres to the KHS investment policy.

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The table below identifies the *cash equivalent and investment types* that are authorized by the KHS investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment of Portfolio of One Issuer	Allowed or Maximum Ratings
U.S. Treasury Obligations	5 years	100%	None	Not Rated
Federal Agencies and U.S. Government Enterprises	5 years	100%	35%	Not Rated
State of California and Local Agency Obligations	5 years	100%	5%	A-1
State and Local Agency Obligations outside of California	5 years	20%	5%	A-1
Banker's Acceptances	180 days	40%	(1)	A-1
Commercial Paper	270 days	25%	(2)	A-1
Negotiable Certificates of Deposit	5 years	30%	5% (7)	A-1
Government Repurchase Agreements	1 year	100%	(3)	A-1
Corporate Debt Securities	5 years	30%	(5)	A
Money Market Funds	5 years	20%	(4)	AAA
Mortgage or Asset-Backed Securities	5 years	20%	5%	(6)
Variable and Floating Rate Securities	5 years	30%	5%	AAA
Local Agency Investment Fund (LAIF)	5 years	50%	5%	Not Rated

(1) May not exceed the 5% limit of any one commercial bank and may not exceed the 5% limit for any security on any bank.

(2) May not exceed more than 10% of the outstanding commercial paper of the issuing corporation.

(3) May not exceed 50% if maturity is less than or equal to 7 days; 25% if maturity is greater than 7 days.

(4) May not exceed more than 10% of the money market fund's assets.

(5) Medium-term notes or other corporate security of any one corporate issuer must not exceed more than 5% of the portfolio.

(6) Rated AAA by a nationally recognized rating service and issued by an issuer having an A or better rating for its long-term debt.

(7) Maturities greater than one year and less than five years may not exceed the FDIC Insurance maximum at the time of purchase.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Generally, investments will decrease in value if interest rates increase.

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Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. KHS is required to disclose the rating for all investments. Cash invested in the Local Agency Investment Fund (LAIF) is considered "exempt from disclosure" under GASB Codification Section 150.

GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5% of its total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments. There were no investments of any single issuer that exceeded 5% of its total investments as of December 31, 2018 or 2017.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, KHS will not be able to recover its deposits or not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, KHS will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and KHS' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Cash Equivalents in State Investment Pool

KHS is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to be the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that KHS has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

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- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit: Valued based on amortized cost or original cost plus accrued interest.

Corporate, Municipal and Government agency bonds and notes: Valued at the closing price reported on the active market on which the individual securities are traded.

All investments held by KHS at December 31, 2018 and 2017 are considered to be level 1 assets.

Note 4. Other Receivables

Other receivables consist of the following at December 31, 2018 and 2017:

	2018	2017
Pharmacy rebates	$ 757,067	$ 295,800
Interest	362,171	196,931
Reinsurance recoveries	267,973	1,049,052
Other	136,331	107,807
	$ 1,523,542	$ 1,649,590

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Note 5. Capital Assets

Capital asset activity for the years ended December 31, 2018 and 2017 is as follows:

	Balance January 1, 2018	Additions	Deletions	Transfers	Balance December 31, 2018
Capital Assets Not Being Depreciated:					
Land	$ 4,876,562	$ -	$ -	$ -	$ 4,876,562
Capital Projects in Progress	9,713,334	29,212,571	-	(4,316,728)	34,609,177
Subtotal	14,589,896	29,212,571	-	(4,316,728)	39,485,739
Capital Assets Being Depreciated:					
Buildings and Improvements	10,323,166	-	-	-	10,323,166
Furniture and Equipment	15,702,228	452,321	(252,692)	4,316,728	20,218,585
Subtotal	26,025,394	452,321	(252,692)	4,316,728	30,541,751
Accumulated Depreciation:					
Buildings and Improvements	3,665,201	334,266	-	-	3,999,467
Furniture and Equipment	9,144,712	1,196,460	(250,377)	-	10,090,795
Subtotal	12,809,913	1,530,726	(250,377)	-	14,090,262
Net Depreciable Capital Assets	13,215,481	(1,078,405)	(2,315)	4,316,728	16,451,489
Total Capital Assets	$ 27,805,377	$ 28,134,166	$ (2,315)	$ -	$ 55,937,228

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital Assets Not Being Depreciated:				
Land	$ 4,851,562	$ 25,000	$ -	$ 4,876,562
Capital Projects in Progress	3,382,739	6,330,595	-	9,713,334
Subtotal	8,234,301	6,355,595	-	14,589,896
Capital Assets Being Depreciated:				
Buildings and Improvements	10,309,440	13,726	-	10,323,166
Furniture and Equipment	15,744,591	747,294	(789,657)	15,702,228
Subtotal	26,054,031	761,020	(789,657)	26,025,394
Accumulated Depreciation:				
Buildings and Improvements	3,330,935	334,266	-	3,665,201
Furniture and Equipment	8,714,364	1,200,284	(769,936)	9,144,712
Subtotal	12,045,299	1,534,550	(769,936)	12,809,913
Net Depreciable Capital Assets	14,008,732	(773,530)	(19,721)	13,215,481
Total Capital Assets	$ 22,243,033	$ 5,582,065	$ (19,721)	$ 27,805,377

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Note 6. Split Dollar Life Insurance

In October 2017, KHS entered into a split-dollar life insurance agreement with a key employee and his beneficiary, whereby the employee is eligible to receive distributions, and KHS will receive $774,526 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of $704,750 and $685,084 at December 31, 2018 and 2017, respectively.

Note 7. Accrued Medical Services Payable

KHS accrues a liability of unpaid claims for medical services, including estimates of costs related to incurred but not yet reported (IBNR) claims using standard actuarial development methodologies based upon historical data including the period between the dates services are rendered and the dates claims are received and paid, expected medical cost inflation, utilization trends, seasonality patterns, prior authorization of medical services, provider contract changes and/or changes in Medi-Cal fee schedules and changes in membership. A key component of KHS' IBNR estimation process is the completion factor, which is a measure of how complete the claims paid to date are relative to the estimate of the claims for services rendered in a given period. The completion factors are more reliable for older service periods and are more volatile and less reliable for more recent periods, since a large portion of health care claims are not submitted to KHS until several months after services have been rendered. Accordingly, for the most recent months, the incurred claims are estimated from a trend analysis based on per member per month claims trends developed from the experience in preceding months.

The majority of the IBNR reserve balance held at year-end is associated with the most recent months' incurred services as these are the services for which the fewest claims have been paid. As mentioned in the preceding paragraph, the degree of uncertainty in the estimates of incurred claims is greater for the most recent months' incurred services.

Additionally, KHS contracts with an independent actuary to review the IBNR estimates. The independent actuary provides KHS with a review letter that includes the results of their analysis of the IBNR reserve. Actuarial Standards of Practice generally require that the medical claims liability be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. This analysis is used as additional information, together with management's judgment, to determine the assumptions used in the calculation of the IBNR reserve.

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized $6.1 million and $3.0 million of favorable prior year IBNR adjustments for the years ended December 31, 2018 and 2017, respectively, due to lower than expected utilization.

The contract covering Expansion members requires KHS to expend a minimum percentage of 85% of premiums and a maximum of 95% on eligible medical benefits expense. To the extent that KHS expends less than the minimum percentage of the premiums on eligible medical benefits, KHS is required to refund to the state all or some portion of the difference between the minimum and its actual allowable medical benefits expense. To the extent KHS expends more than the maximum percentage, KHS is entitled to receive additional reimbursement from the state. For the year ended December 31, 2018, KHS returned $21.8 million to the state for the period January 1, 2014 to June 30, 2016. For the year ended December 31, 2018, KHS has accrued $31.4 million to the state for the period July 1, 2016 to December 31, 2018.

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Accrued medical services and related claims adjustment expenses payable consist of the following at December 31, 2018 and 2017:

	2018	2017
Estimated incurred but not reported claims	$ 59,870,123	$ 69,155,196
Expansion risk corridor	31,388,243	38,531,016
Claims payable	30,632,670	20,859,974
Supplemental Proposition 56 provider payments	16,422,515	-
Allowance for claims processing expense	2,326,151	2,324,857
Provider performance quality incentive	1,876,553	2,708,218
	$142,516,255	$133,579,261

Note 8. Accrued Expenses

Accrued expenses consist of the following at December 31, 2018 and 2017:

	2018	2017
MCO tax expense	$ 24,211,743	$ -
Other administrative expenses	5,398,979	1,898,774
New building and construction	2,286,881	-
Salaries and employee benefits	2,071,250	2,463,258
Community grants payable	2,637,375	5,007,014
	$ 36,606,228	$ 9,369,046

Note 9. Restricted Investments and Tangible Net Equity

As required by the State of California's Department of Managed Health Care, Section 1300.76.1, KHS has acquired certificates of deposit with three financial institutions totaling $300,000. These certificates of deposit have been assigned to the Director of the Department of Managed Health Care as part of the process of obtaining and maintaining its Knox-Keene license, and are legally restricted for this purpose. These certificates of deposit mature in amounts of $100,000 each on July 30, 2019, June 5, 2020 and June 8, 2020.

KHS is a fully licensed health-care service plan under the Knox-Keene Health Care Services Plan Act of 1975 (the "Act"). Under the Act, KHS is required to maintain a minimum level of tangible net equity. The required equity level was approximately $31.8 million and $31.2 million at December 31, 2018 and 2017, respectively. KHS' tangible net equity was approximately $201.6 million and $190.5 million at December 31, 2018 and 2017, respectively.

Note 10. Employee Pension Plans

CalPERS

Plan description: All qualified permanent and probationary employees are eligible to participate in KHS' Miscellaneous Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at http://www.calpers.ca.gov.

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Benefits provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to eligible employees. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52 (classic miscellaneous members or PEPRA miscellaneous members, respectively) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at December 31, 2018 and 2017 are summarized as follows:

	2018			2017	
		Classic	PEPRA	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 60	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52	50	52
Monthly benefits, as a % of eligible compensation	2%	2%	2%	2%	2%
Retirement employee contribution rates	7%	7%	6.25%	7%	6.25%
Required employer contribution rates	6.709% to 7.159%	7.200% to 7.634%	6.555 to 6.842%	7.159% to 7.200%	6.533% to 6.555%

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on the actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. KHS is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended December 31, 2018 and 2017, the contributions recognized as part of pension expense were as follows:

	2018	2017
Contributions - employer	$ 1,822,052	$ 1,625,952
Contributions - employee (paid by employer)	$ -	$ -

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Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, 2018 and 2017, KHS reported net pension liability for its proportionate share of the net pension liability of $5,865,463 and $6,082,752, respectively.

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.2115%
Proportion - June 30, 2018	0.2358%
Change - Increase	0.0243%

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.1905%
Proportion - June 30, 2017	0.2115%
Change - Increase	0.0210%

For the years ended December 31, 2018 and 2017, KHS recognized pension expense of $1,822,052 and $1,625,952, respectively. At December 31, 2018 and 2017, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$1,259,633	$ -	$1,145,788	$ -
Changes in assumptions	1,013,059	248,281	1,413,263	107,762
Differences between expected and actual experiences	340,950	116,023	11,390	163,187
Net differences between projected and actual earnings on pension plan investments	43,931	-	319,622	-
Total	$2,657,573	$ 364,304	$2,890,063	$ 270,949

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$1,259,633 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31,	
2019	$ 873,135
2020	505,476
2021	(265,049)
2022	(79,926)
	$ 1,033,636

Actuarial Methods and Assumptions: The total pension liabilities in the June 30, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

	2018	2017
Valuation date	June 30, 2017	June 30, 2016
Measurement date	June 30, 2018	June 30, 2017
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.50% (a)	
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

(a) Net of pension plan investment and administrative expenses; includes inflation

(b) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% as of June 30, 2017 and June 30, 2016. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates of 7.15% as of June 30, 2017 and 2016 are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at http://www.calpers.ca.gov.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% as of June 30, 2017 and June 30, 2016, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30% as of June 30, 2017 and 2016. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Global Equity	48.9%	6.7%
Private Equity	7.7%	9.0%
Global Fixed Income	22.5%	5.7%
Real Estate	10.8%	-0.5%
Liquidity	3.3%	1.0%
Inflation Sensitive	5.9%	-1.8%
Total plan level (a)	0.9%	5.6%
Total	100%	

(a) Includes multi-asset class, absolute return strategies, transition, and plan level portfolios. These assets do not have targets because they are not components of the Total Fund Policy benchmark.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents KHS' proportionate share of the net pension liability, calculated using the discount rate, as well as what KHS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2018	2017
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 9,421,562	$ 9,482,118
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 5,865,463	$ 6,082,752
1% Increase	8.15%	8.15%
Net Pension Liability	$ 2,929,962	$ 3,267,336

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Retirement Plan

Plan description and funding policy: KHS has a 401(a) retirement plan, which was approved by the IRS on August 15, 1996. All full-time employees are eligible to participate in the Plan. KHS matches 100% of contributions made by KHS employees to their 457 plan up to a maximum of 6% of the employee's salary. KHS contributions do not vest until the employee has been employed for three years when at such time the employee becomes 100% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was $938,667 and $985,442 for the years ended December 31, 2018 and 2017, respectively.

Note 11. Stop-Loss Insurance

KHS purchases stop-loss insurance to reduce the risk associated with large losses on individual hospital claims. The premium costs are based on a deductible for each member in addition to a deductible layer for the plan referred to as an Aggregate Specific Retention amount.

For the years ended December 31, 2018 and 2017 coverage provides reimbursement of approximately 95 percent of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of $2,000,000 per member per contract year.

For the years ended December 31, 2018 and 2017 the premium coverage is $0.47 and $0.44, respectively, per member per month with no minimum annual premium requirement.

The deductible for each individual member was $250,000 and the Aggregate Specific Retention deductible was $0.24 per member per month (PMPM) for the year ended December 31, 2018. The deductible for each individual member was $225,000 and the Aggregate Specific Retention deductible was $0.22 per member per month (PMPM) for the year ended December 31, 2017.

Stop-loss insurance premiums of $1,384,297 and $1,263,568 are included in medical and hospital expense for the years ended December 31, 2018 and 2017, respectively. Stop-loss insurance recoveries of $1,859,982 and $2,247,354 are included in operating revenue for the years ended December 31, 2018 and 2017, respectively.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 12. Commitments and Contingencies

Litigation

KHS is subject to litigation claims that arise in the normal course of business. A provision for a legal liability is made when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions, if any, are reviewed and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. It is the opinion of management that there is no known existing litigation that would have a material adverse effect on the financial position, results of operations or cash flows of KHS.

Professional Liability Insurance

KHS maintains Managed Care Errors and Omissions Liability Insurance for an act, error, or omission in the performance of any health care or managed care services rendered by KHS. In addition, KHS maintains general liability insurance.

Regulatory Matters

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties. KHS is subject to periodic financial and information reporting and comprehensive quality assurance evaluations from state regulators. KHS regularly submits periodic financial, encounters, utilization and operational reports. Management believes that KHS is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time.

Changes in the regulatory environment and applicable laws and rules also may occur periodically in connection with the changes in a political party or administration at the state, federal or national level. For example, the federal administration and leaders in Congress continue to consider and propose numerous changes to modify the entitlement nature of the Medicaid program including moving from a match program to block grants, moving to a per-capita capitation system, modifying funding for ACA Medicaid Expansion, requiring Medicaid beneficiaries to work, and limiting the amount of lifetime benefits. The aforementioned changes could reduce the number of enrolled members, increase administrative expenses or healthcare costs. While Medicaid modification changes have stalled following the 2018 midterm elections, the current presidential administration may still try to modify Medicaid programs. The California Senate also continues to consider a single-payer healthcare system for California. It is not clear whether the proposed changes, if any, will be approved or when they will take effect.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

The Health Insurance Portability and Accountability Act

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the regulations adopted under HIPAA are intended to improve the portability and continuity of health insurance coverage and simplify the administration of health insurance claims and related transactions. All health plans are considered covered entities subject to HIPAA. HIPAA generally requires health plans, as well as their providers and vendors, to:

- protect patient privacy and safeguard individually identifiable health information; and
- establish the capability to receive and transmit electronically certain administrative health care transactions, such as claims payments, in a standardized format.

Specifically, the HIPAA Privacy Rule regulates use and disclosure of individually identifiable health information, known as “protected health information” ("PHI"). The HIPAA Security Rule requires covered entities to implement administrative, physical and technical safeguards to protect the security of electronic PHI. Certain provisions of the security and privacy regulations apply to business associates (entities that handle PHI on behalf of covered entities), and business associates are subject to direct liability for violation of these provisions. Furthermore, a covered entity may be subject to penalties as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity. HIPAA violations by covered entities may also result in civil and criminal penalties.

Premium and Eligibility Reconciliations

Premium payments received by KHS from DHCS are based on eligibility lists generated between DHCS and by county agencies that are responsible for determining Medi-Cal eligibility. In a report issued on October 30, 2018 by the California State Auditor, the report indicated “questionable payments” for Kern County during the period January 1, 2014 through December 31, 2017 in the amounts of $10,421,757 relating to Managed Care Premiums and $2,854,656 relating to Fee For Service Payments for a total of $13,276,413 of payments by DHCS primarily due to beneficiaries being eligible on the DHCS eligibility system and not being eligible on the county agency eligibility system. It is unclear if any of these amounts will be recouped by DHCS from KHS. Accordingly, premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

Risk Corridor Liability Adjustment

The Risk Corridor Liability is based on management’s best estimate of a medical loss ratio estimate for KHS Expansion members that have medical expenses below 85% of premiums. KHS is required to refund to the State amounts below 85%. The calculation of the 85% medical loss ratio is subject to the following adjustments:

- Revenue rate adjustments by DHCS
- The inclusion and/or exclusion of certain medical expenses
- Eligibility adjustments
- DHCS and CMS audit adjustments

Any adjustments to the Risk Corridor Liability could be significant and would increase or decrease reported medical expenses in the year adjustment is required.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Patient Protection and Affordable Care Act

In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transforms the U.S. health-care system and increases regulations within the U.S. health insurance industry. This legislation is intended to expand the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that take effect from 2010 through 2020, with most measures effective in 2014. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2014 to nearly all low-income people under age 65 with income at or below 138% of the federal poverty line. The federal government will pay the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016. Assuming that the current program remains unchanged, the 2017 federal share is scheduled to decline to 95%; in 2018 it would be 94%; in 2019 it would be 93%; and it would be 90% in 2020 and subsequent years. For the years ended December 31, 2018 and 2017, KHS served an average of 59,185 and 57,050 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately $297.0 million and $282.2 million, respectively.

CMS's Final Rule on Medicaid Managed Care

On May 6, 2016, CMS published regulations that overhauled Medicaid managed care requirements. These regulations include requirements that state Medicaid programs evaluate network adequacy standards; impose a requirement of managed care organizations ("MCO") to report medical loss ratios ("MLRs") annually to states; a requirement that states set MCO rates to reasonably achieve an MLR of greater than 85% as long as the capitation rates are actuarially sound, adds many consumer protections to improve the quality of care, and improves state accountability and transparency. These changes will be phased in over the course of three years with some regulations being effective immediately.

Contract Commitment

In September 2014 KHS entered into a ten-year contract with a vendor to supply software, licensing, support and maintenance, including a migration process from the existing software. Expenses are paid annually and are subject to change based on changes to the Consumer Price Index and changes in membership. At December 31, 2018 the total future contract commitments are as follows:

Years ending December 31,	
2019	$ 658,210
2020	658,210
2021	658,210
2022	386,142
2023	386,142
2024	386,142
	$ 3,133,056

Construction Commitments

As of December 31, 2018 KHS had approximately $13.3 million of construction commitments relating to the new corporate office.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 13. Concentration of Revenue

KHS' operating revenue is primarily derived from the California Department of Health Care Services (DHCS). KHS' current contract term with DHCS is to provide health care services through December 31, 2020, and is subject to cancellation upon giving at least six months written notice. For the years ended December 31, 2018 and 2017 over 99% of KHS' total revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints.

Note 14. Subsequent Event

On March 7, 2019, the KHS Board of Directors authorized KHS to enter into a purchase and sale agreement (the "Agreement") to sell its corporate office property. Under the terms of the Agreement, KHS agreed to sell certain real property and improvements with a fair market appraised value of $8,860,000 for a total cash purchase price of $9,200,000 with an anticipated closing date of June 30, 2019. The purchase price is not subject to any third-party loan approvals or additional appraisals. The property to be sold by KHS pursuant to the Agreement includes approximately 2.5 acres of land, the building located at 9700 Stockdale Highway, Bakersfield, CA 93311 consisting of 46,344 square feet of office space and certain other assets related to the property (collectively, the "Property"). In connection with the sale of the Property, the purchaser has agreed to lease back to KHS the existing office space and parking for $69,516 a month until KHS is completely moved into its new corporate office, which is expected to be completed by September 30, 2019.

The purchaser's obligations under the Agreement are subject to and conditioned upon the purchaser's investigation of the Property and satisfaction with all aspects thereof deemed relevant in its sole and absolute discretion. The purchaser has until 30 days (the "Inspection Period") to make such investigations with respect to the Property. The Purchaser has deposited with the escrow agent a cash deposit of $1,000,000 which deposit shall be fully refundable if: (i) the purchaser terminates the Agreement during the Inspection Period or fails to deliver an acceptance notice; (ii) following the Inspection Period, in the event of the seller's default under the Agreement; or (iii) as otherwise provided in the Agreement. At closing, the KHS will receive from the seller the balance of the purchase price by wire transfer of immediately available funds.

In addition to the purchaser's rights to terminate the Agreement during the Inspection Period as described above, the purchaser has the right to terminate the Agreement if KHS breaches the Agreement in any manner. Also, the sale of the Property is subject to several closing conditions, including, without limitation: (i) KHS conveying title to the Property in accordance with the terms of the Agreement; (ii) the Property being free of condemnation and material damage or destruction; (iii) the representations and warranties of KHS being true and correct in all material respects; and (iv) KHS performing and complying with all covenants and conditions required by the Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

KERN HEALTH SYSTEMS

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of December 31, 2018

	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan- Last 10 Years*				
Proportion of the net pension liability	0.23579%	0.21146%	0.19046%	0.17122%
Proportionate share of the net pension liability	$ 5,865,463	$ 6,082,752	$ 4,769,187	$ 3,104,717
Covered - employee payroll	$ 17,733,290	$ 17,150,840	$ 17,364,146	$ 9,949,051
Proportionate share of the net pension liability as a percentage of covered-employee payroll	33.08%	35.47%	27.47%	31.21%
Plan's fiduciary net position	$ 13,122,440,092	$ 12,074,499,781	$ 10,923,476,287	$ 10,923,476,287
Plan fiduciary net position as a percentage of the total pension liability	77.69%	75.39%	75.87%	79.89%

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

CalPERS - Miscellaneous PEPRA Plan - Last 10 Years	
Proportion of the net pension liability	0.00362%
Proportionate share of the net pension liability	$ (30,922)
Covered - employee payroll	$ 6,909,343
Proportionate share of the net pension liability as a percentage of covered-employee payroll	-0.45%
Plan's fiduciary net position	$ 10,639,461,174
Plan fiduciary net position as a percentage of the total pension liability	79.89%

** Fiscal year 2015 was the first year of implementation, therefore only one year is shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, there is no information reported for the Pepra Plan subsequent to the year ended December 31, 2015.

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2018

	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan - Last 10 Years*				
Contractually required contribution (actuarially determined)	$ 1,822,052	$ 1,625,952	$ 1,314,297	$ 841,252
Contributions in relation to the actuarially determined contributions	1,822,052	1,625,952	1,314,297	841,252
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 17,733,290	$ 17,150,840	$ 17,364,146	$ 9,949,051
Contributions as a percentage of covered-employee payroll	10.27%	9.48%	7.57%	8.46%
Notes to Schedule				
Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry-Age Normal Cost Method			
Amortization method	Level percentage of assumed future payrolls			
Remaining amortization period	26 years	27 years	28 years	29 years
Asset valuation method	5-year smoothed market			
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%
Investment rate of return (a)	7.15%	7.15%	7.65%	7.50%
Retirement age	50 years and 5 years of service			
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.			

(a) Net of pension plan investment and administrative expenses; includes inflation

* Fiscal year 2015 was the first year of implementation, therefore only four years are shown. For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2018

		2015
CalPERS - Miscellaneous PEPRA Plan - Last 10 Years*		
Contractually required contribution (actuarially determined)	$	367,525
Contributions in relation to the actuarially determined contributions		367,525
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	6,909,343
Contributions as a percentage of covered-employee payroll		5.32%

Notes to Schedule

Valuation date:	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost Method
Amortization method	Level percentage of assumed future payrolls
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.00%
Investment rate of return (a)	7.50%
Retirement age	52 years and 5 years of service
Mortality	20 years of projected on-going mortality improvement using Scale BB published by the Society of Actuaries

* For the fiscal year ended December 31, 2016 CalPERS combined the Classic and Pepra Plans into one plan. Therefore, there is no information reported for the Pepra Plan subsequent to the year ended December 31, 2015.

OTHER INDEPENDENT AUDITOR'S REPORT

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

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Private Companies Practice Section

NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Kern Health Systems
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of **Kern Health Systems**, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise **Kern Health Systems**' basic financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Kern Health Systems**' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Kern Health Systems**' internal control. Accordingly, we do not express an opinion on the effectiveness of **Kern Health Systems**' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

300 New Stine Road – Bakersfield, CA 93309 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Kern Health Systems**' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 28, 2019

KERN HEALTH SYSTEMS

Report to the Finance Committee

March 28, 2019

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

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Finance Committee
Kern Health Systems

Attention: Wayne Deats Jr., Finance Committee Chair

We are pleased to present this report related to our audit of the financial statements of **Kern Health Systems** for the year ended December 31, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **Kern Health Systems**' financial reporting process.

This report is intended solely for the information and use of the Board of Directors, Finance Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to **Kern Health Systems**.

Daniells Phillips Vaughan & Bock

March 28, 2019

300 New Stine Road – Bakersfield, CA 93309 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance)* require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 26, 2018.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."

Area	Comments
Audit Adjustments	There were no audit adjustments, proposed by us, made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	There were no uncorrected misstatements identified during the audit.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Certain Written Communications between Management and Our Firm	Copies of certain written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

KERN HEALTH SYSTEMS

Summary of Significant Accounting Estimates
Year Ended December 31, 2018

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization's December 31, 2018, financial statements:

Estimate	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Estimated claims payable	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Risk sharing payable	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Incurred but not reported claims	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Net pension liability	Estimate is based on actuarial reports provided by CalPERS	Estimate is in accordance with accounting principles generally accepted in the United States of America
Expansion risk corridor liabilty	Estimates are based on management's best estimate of a medical loss ratio	Estimate is in accordance with accounting principles generally accepted in the United States of America

Exhibit A
Representation Letter

KERN HEALTH SYSTEMS

March 28, 2019

Daniells Phillips Vaughan & Bock
300 New Stine Road
Bakersfield, California 93309

This representation letter is provided in connection with your audits of the basic financial statements of **Kern Health Systems** as of and for the years ended December 31, 2018 and 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 28, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 26, 2018 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

10. We have no knowledge of any uncorrected misstatements in the financial statements.

11. The following have been properly recorded and/or disclosed in the financial statements:

    a. Compliance with bond indentures or other debt instruments;

    b. Disclosures related to third-party payer agreements and settlements;

    c. Disclosures related to professional liability coverages;

    d. Disclosures related to self-insured risks.

12. Management is responsible for making the accounting estimates included in the financial statements. Those estimates reflect management's judgment based on knowledge and experience about past and current events and assumptions about conditions management expects to exist and course of action they expect to take. These include:

    a. Estimated adjustments to revenue, such as retroactive adjustments by the Department of Health Care Services;

    b. Obligations related to third-party payer contracts, including risk sharing and contractual settlements;

    c. Audit and other adjustments by the Department of Health Care Services;

    d. Obligations related to providing future services under prepaid health care service contracts;

    e. Medical malpractice obligations expected to be incurred with respect to services provided through December 31, 2018.

13. Data submitted to the Department of Health Care Services complies in all respects with applicable coding principles and laws and regulations (including those dealing with Medicare antifraud and abuse), and only reflect charges for services that were medically necessary, properly approved by regulatory bodies and properly rendered.

14. Recorded receivable valuation allowances are necessary, appropriate, and properly supported.

15. With respect to reports submitted to the Department of Health Care Services:

    a. All required Medi-Cal and similar reports have been filed;

    b. Management is responsible for the accuracy and propriety of all reports filed;

    c. All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated;

    d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations;

    e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.

    f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the report;

g. Recorded settlements include differences between filed (and to be filed) reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate;

h. The specialist used by management in preparing medical services payable estimates and reserves had a sufficient level of competence and experience in cost reporting. Management recognizes responsibility for estimated settlement amounts and balances and, that all such amounts are fairly presented.

Information Provided

16. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audits;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

17. All transactions have been recorded in the accounting records and are reflected in the financial statements.

18. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

19. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

20. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.

21. We have no knowledge of noncompliance with laws or regulations, such as those related to Medicare and Medicaid antifraud and abuse statutes, in any jurisdiction, whose effects are considered for disclosure in the financial statements or as a basis for recording a loss contingency other than those disclosed or accrued in the financial statements. This is including, but not limited to, the anti-kickback statute of the Medicare and Medicaid Patient and Program Protection Act of 1987, limitations on certain physician referrals (the Stark law), and the False Claims Act.

22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

23. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

24. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely **affect Kern Health Systems'** ability to record, process, summarize and report financial data.

25. We are aware of no oral or written communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to Medicare and Medicaid antifraud and abuse statutes; deficiencies in financial reporting practices; or other matters that could have a material adverse effect on the financial statements.

26. The following have been made available to you:

    a. Contracts with all significant third-party party payers or other providers;

    b. Reports of regulatory examinations that are currently in process. Management is not aware of any allegations of noncompliance that should be considered for disclosure or as a basis for recording a loss contingency.

27. There are no:

    a. Violations or possible violations of laws or regulations, such as those related to the Medi-Care and Medi-Caid antifraud and abuse statutes, including but not limited to the Medicare and Medicaid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

    b. Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to the Medicare and Medicaid antifraud and abuse statutes, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

28. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

29. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

c. The methods of measurement or presentation have not changed from those used in the prior period.

Kern Health Systems

Douglas A. Hayward, Chief Executive Officer

Robert Landis CFO

Robert Landis, Chief Financial Officer

KERN HEALTH SYSTEMS

To: **KHS Board of Directors**

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

Date: **April 11, 2019**

Re: **Report on Construction Expenditures and Project Update**

Background

New Location Project Update:

Attachment A is an update on the new building's construction progress. KHS Developer Greg Bynum and Emily Duran, Director of Provider Relations will provide a brief overview of the overall construction project.

Construction Expenditures:

At Kern Health Systems Board of Directors Meeting on February 14, 2019, the Board requested a summary for construction expenses for the new KHS office building. Attachment B was a presentation from Robert Landis to the Finance Committee showing year - to - date construction costs through February, 2019.

Requested Action

Receive and file.

KERN HEALTH SYSTEMS

ATTACHMENT A
CONSTRUCTION UPDATE

BOARD OF DIRECTORS
APRIL 11, 2019

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

1

Current Project Status

- Exterior Paint 60% complete
- Interior painting in 1st floor almost complete
- Power poles are down from Buck Owens Blvd.
- Parking lot grading to start
- Solar panel installation prep.
- Tile completed 1-3 floors.
- Cabinets being installed
- Elevator material on-site

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

2

Financial Update

- Request from last Board Meeting:
  - Finance Committee review of construction expenses
  - CFO memo and CM/GC's Certificate for Payment is included in Finance Committee and BOD packet.


BAKERSFIELD


WORK SAFELY


7

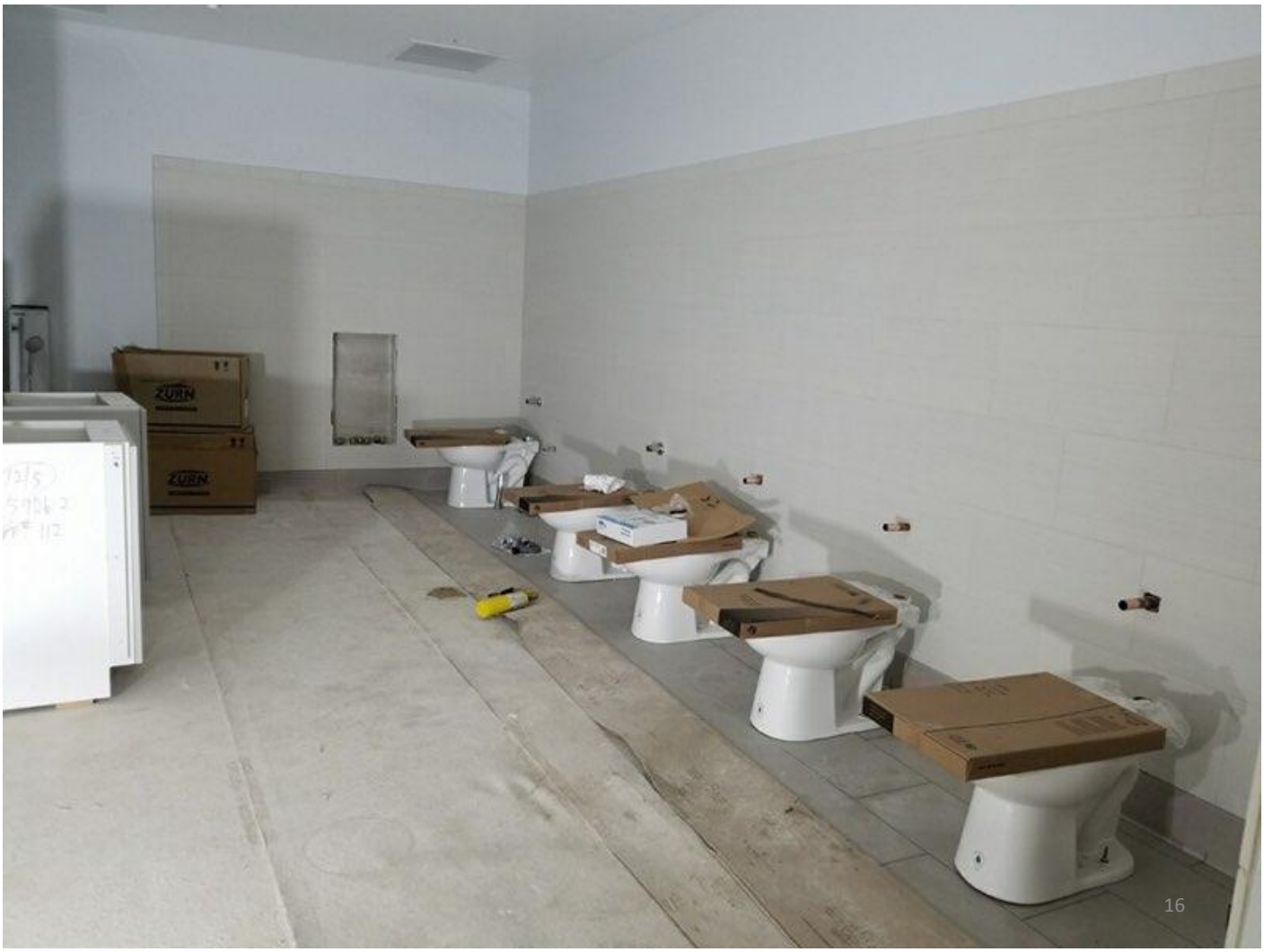

10


11


13


14


15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Questions

For additional questions, please contact:

Emily Duran,

Director of Provider Relations

(661) 664-5000

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1-800-391-2000
kernfamilyhealthcare.com

17

Attachment B

KERN HEALTH SYSTEMS

To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 5, 2019

Re: Report on New Office Building Expenditures

Background

At the February 14th, 2019 Kern Health Systems Board of Directors Meeting, the Board requested a summary of amounts paid relating to the new office building (Attached).

Discussion

The attached document has a total building contract amount of $28,773,421.31 for the work to be performed by the KHS contractor SC Anderson, Inc. Work completed less retainage as of 2/28/19 is $19,281,918.67 . The balance of work to be completed including retainage amounts owed is $9,491,502.64.

Included in the attachment is an itemized description of amounts complete and paid through February 28, 2019 as well as an itemized listing of the balance and retainage amounts to finish the building.

Requested Action

Receive and file for informational purposes only.

AIA® Document G702™ – 1992

APPROVED FOR PAYMENT
BY: 3/20/19

APPROVED FOR PAYMENT
BY:

Application and Certificate for Payment

TO OWNER: KERN HEALTH SYSTEMS
9700 STOCKDALE HIGHWAY
BAKERSFIELD, CA 93311

PROJECT: KERN HEALTH SYSTEMS
2900 BUCK OWENS BLVD
BAKERSFIELD, CA 93308

APPLICATION NO: 01170843-00013
PERIOD TO: 2/28/2019
CONTRACT FOR:
CONTRACT DATE:
PROJECT NOS: 01.17084.3

Distribution to:
OWNER ☐
ARCHITECT ☐
CONTRACTOR ☐
FIELD ☐
OTHER ☐

FROM CONTRACTOR:
SC ANDERSON, INC.
2160 Mars Court
Bakersfield, CA 93308

VIA ARCHITECT:

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract.
AIA Document G703™, Continuation Sheet, is attached.

1. ORIGINAL CONTRACT SUM	$	27,822,583.00
2. NET CHANGE BY CHANGE ORDERS	$	950,838.31
3. CONTRACT SUM TO DATE *(Line 1 ± 2)*	$	28,773,421.31
4. TOTAL COMPLETED & STORED TO DATE *(Column G on G703)*	$	20,296,756.59
5. RETAINAGE:		
a. 5 % of Completed Work *(Columns D + E on G703)*	$	1,014,837.92
b. ____ % of Stored Material *(Column F on G703)*	$	
Total Retainage *(Lines 5a + 5b, or Total in Column I of G703)*	$	1,014,837.92
6. TOTAL EARNED LESS RETAINAGE *(Line 4 minus Line 5 Total)*	$	19,281,918.67
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT *(Line 6 from prior Certificate)*	$	17,421,713.90
8. CURRENT PAYMENT DUE	$	1,860,204.77
9. BALANCE TO FINISH, INCLUDING RETAINAGE *(Line 3 minus Line 6)*	$	9,491,502.64

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	$ 958,949.08	$ (8,110.77)
Total approved this month	$	$
TOTAL	$ 958,949.08	$ (8,110.77)
NET CHANGES by Change Order	$ 950,838.31	

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: S.C. Anderson, Inc.
By: Samantha S Jones Date: 2/25/19
State of: California
County of: Kern
Subscribed and sworn to before me this ____ day of
Notary Public: See attached
My commission expires:

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED ..... $ 1,860,204.77
(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.)

ARCHITECT:
By: Mark Hill Date: 3/15/19

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

010711/CD44

REQUEST FOR PAYMENT DETAIL

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501467 Draw: 01170843-00013 Period Ending Date: 2/28/2019

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
015723	SWPPP	43,555.00	27,891.08	751.44		28,642.52	65.76	14,912.48	1,432.12
017423	FINAL CLEAN	39,200.00						39,200.00	
017833	PAYMENT AND PERFORMANCE	143,280.00	143,280.00			143,280.00	100.00		7,164.00
017837	GENERAL LIABILITY INSURANC	55,864.00	55,864.00			55,864.00	100.00		2,793.20
022113	SITE SURVEY	30,880.00	22,268.96			22,268.96	72.11	8,611.04	1,113.45
024199	DEMOLITION	42,022.00	35,718.70			35,718.70	85.00	6,303.30	1,785.94
031113	CONCRETE	2,106,700.00	1,724,270.00			1,724,270.00	81.85	382,430.00	86,213.50
042099	MASONRY	49,600.00						49,600.00	
051223	STRUCTURAL STEEL	2,971,400.00	2,873,459.50	52,040.50		2,925,500.00	98.46	45,900.00	146,275.01
057099	SHEET METAL/DECORATIVE PA	549,550.00	225,396.00	218,100.00		443,496.00	80.70	106,054.00	22,174.80
062023	DOORS-FRAMES-HARDWARE-L	45,166.00	20,850.00			20,850.00	46.16	24,316.00	1,042.50
062099	FINISH/ROUGH CARPENTRY	21,417.00	5,410.00			5,410.00	25.26	16,007.00	270.50
064023	ARCHITECTURAL WOODWORK	249,580.00	15,103.00			15,103.00	6.05	234,477.00	755.16
066116	SOLID SURFACE TOPS	170,559.00	6,100.00			6,100.00	3.58	164,459.00	305.00
072099	THERMAL INSULATION	94,550.00	73,185.00	21,365.00		94,550.00	100.00		4,727.50
075399	PVC ROOFING	394,466.00	208,580.60	79,282.40		287,863.00	72.98	106,603.00	14,393.15
077200	ROOF HATCH AND LADDER	4,443.00	4,443.00			4,443.00	100.00		222.15
077236	SMOKE CONTAINMENT CURTAI	49,027.00	735.00			735.00	1.50	48,292.00	36.75
081113	DOORS-FRAMES-HARDWARE	167,022.00	121,926.06			121,926.06	73.00	45,095.94	6,096.30
083323	OVERHEAD COILING DOOR	8,674.00						8,674.00	
083513	FOLDING PARTITION	30,450.00						30,450.00	
084199	STOREFRONT GLASS & GLAZIN	1,479,900.00	1,004,001.00	159,540.00		1,163,541.00	78.62	316,359.00	58,177.05
092216	METAL STUDS & DRYWALL	6,076,322.00	4,444,977.50	862,500.00		5,307,477.50	87.35	768,844.50	265,373.87
093013	CERAMIC TILE	265,258.00	9,447.00	45,773.00		55,220.00	20.82	210,038.00	2,761.00
095199	ACOUSTICAL CEILINGS	713,000.00						713,000.00	
096599	FLOOR COVERINGS	955,511.00						955,511.00	
099199	PAINTING	119,300.00	7,040.00			7,040.00	5.90	112,260.00	352.00
101499	SIGNAGE	18,850.00						18,850.00	
102113	TOILET COMPARTMENTS/ACCE	139,800.00	3,815.00			3,815.00	2.73	135,985.00	190.75
104413	FIRE EXTINGUISHER CABINETS	6,858.00						6,858.00	
107599	FLAG POLE	6,959.00						6,959.00	
122499	WINDOW COVERINGS	89,600.00						89,600.00	
129313	BIKE RACKS	3,530.00						3,530.00	

REQUEST FOR PAYMENT DETAIL

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501467 Draw: 01170843-00013 Period Ending Date: 2/28/2019

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
142099	ELEVATOR	388,290.00	174,730.50			174,730.50	45.00	213,559.50	8,736.53
211313	FIRE SPRINKLERS	333,217.00	323,217.00			323,217.00	97.00	10,000.00	16,160.86
229999	PLUMBING	909,000.00	599,400.00	161,700.00		761,100.00	83.73	147,900.00	38,055.00
239999	HVAC	2,704,454.00	2,250,369.40	92,070.20		2,342,439.60	86.61	362,014.40	117,121.98
269999	ELECTRICAL & FIRE ALARM	3,000,000.00	1,700,695.00	248,300.00		1,948,995.00	64.97	1,051,005.00	97,449.76
312213	EARTHWORK	410,435.00	330,316.48			330,316.48	80.48	80,118.52	16,515.83
321216	ASPHALT PAVING	420,340.00	13,719.60	12,388.75		26,108.35	6.21	394,231.65	1,305.42
323119	DECORATIVE FENCING	238,844.00	90,253.00			90,253.00	37.79	148,591.00	4,512.65
328499	LANDSCAPING AND IRRIGATIOI	397,000.00	44,250.00			44,250.00	11.15	352,750.00	2,212.50
331099	SITE UTILITIES	121,000.00	32,000.00			32,000.00	26.45	89,000.00	1,600.00
999998	GENERAL REQUIREMENTS	723,200.00	568,227.00			568,227.00	78.57	154,973.00	28,411.35
999999	CM/GC FEES	1,034,510.00	662,086.40			662,086.40	64.00	372,423.60	33,104.34
9999CO01	CHANGE ORDER #01	22,812.00	22,812.00			22,812.00	100.00		1,140.60
9999CO02	CHANGE ORDER #02	33,603.17	33,603.17			33,603.17	100.00		1,680.16
9999CO03	CHANGE ORDER #03	235,713.11	129,050.16			129,050.16	54.75	106,662.95	6,452.51
9999CO04	CHANGE ORDER #04	94,186.15	64,955.78			64,955.78	68.97	29,230.37	3,247.79
9999CO05	CHANGE ORDER #05	92,450.11	92,450.11			92,450.11	100.00		4,622.51
9999CO07	CHANGE ORDER #07	34,478.69	26,676.92			26,676.92	77.37	7,801.77	1,333.85
9999CO08	CHANGE ORDER #08	38,854.55	38,854.55			38,854.55	100.00		1,942.73
9999CO09	CHANGE ORDER #09	130,521.90	53,394.10			53,394.10	40.91	77,127.80	2,669.71
9999CO10	CHANGE ORDER #10	138,058.56	1,998.73	4,299.00		6,297.73	4.56	131,760.83	314.89
9999CO11	CHANGE ORDER #11	51,825.00	51,825.00			51,825.00	100.00		2,591.25
9999CO12	CHANGE ORDER #12	-8,110.77						-8,110.77	
9999CO13	CHANGE ORDER #13	86,445.84						86,445.84	
	Totals	28,773,421.31	18,338,646.30	1,958,110.29		20,296,756.59	70.54	8,476,664.72	1,014,837.92

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: April 11, 2019

Re: Employee Survey

Background

Kern Health Systems conducted its 4th Annual Employee Survey. Each year, as specified in Kern Health Systems Employee Retention Plan, employees are surveyed to:

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

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

Requested Action

Receive and File.

KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS

Employee Satisfaction & Engagement Survey 2018

Anita Martin
Director of Human Resources
April 11, 2019

Conducting the Survey

KERN HEALTH SYSTEMS

EXECUTIVE SUMMARY

5 Key Reasons to Conduct Employee Satisfaction and Engagement Surveys

1.) Measure Employee Engagement

2.) Give Employees a Voice

3.) Increase Employee Engagement

4.) Provide Data for Organizational Planning

5.) Benchmark Results

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

KERN HEALTH SYSTEMS

The Survey

- **Scoring:**

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

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

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

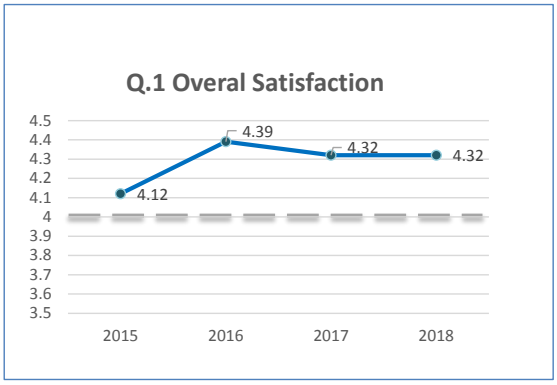
  Weighted average of all questions in that area:

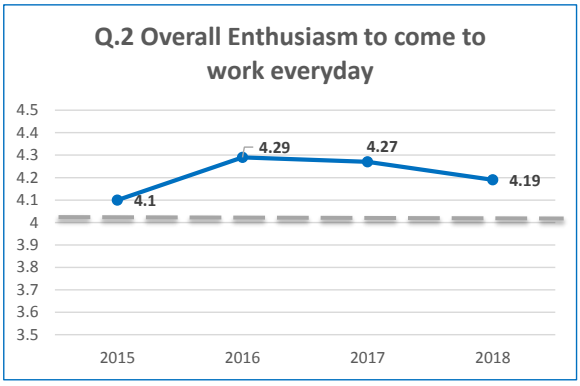
  above 4.0 indicate satisfied
  below 4.0 mild dissatisfaction
  below 3.75 moderate dissatisfaction
  below 3.50 increasing dissatisfaction
  below 3.0 dissatisfied

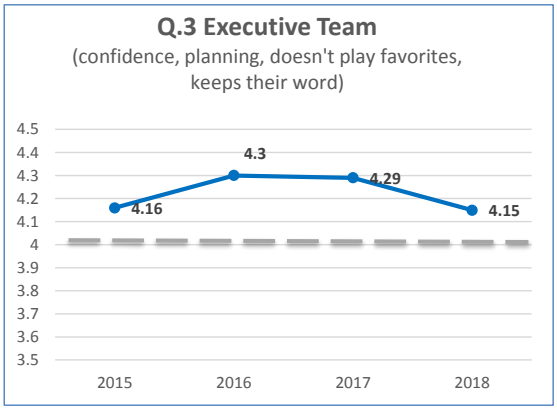
Participation: 83.2 % (308 employees responded out of 383 active employees (does not include 13 employees on continuous LOA)

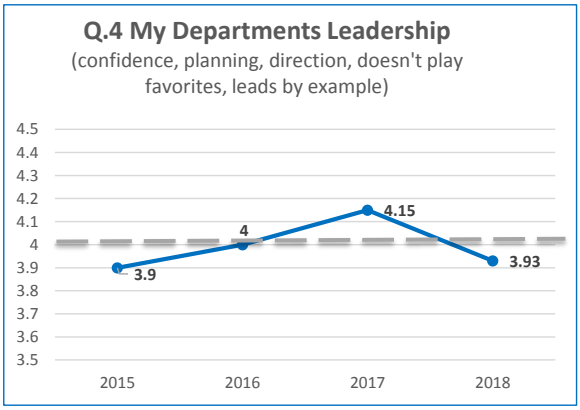
KERN HEALTH SYSTEMS

The Survey Responses
2015 - 2018



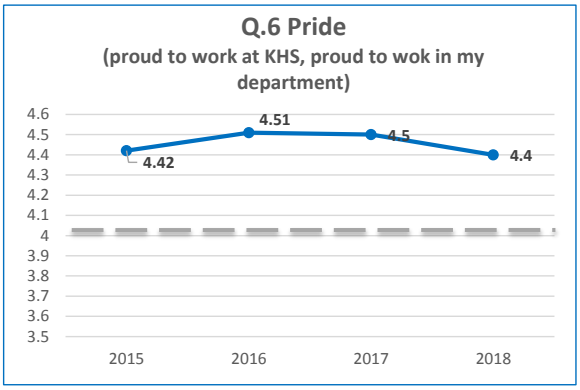


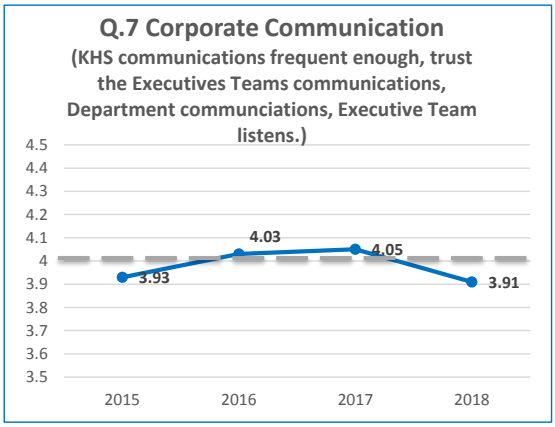


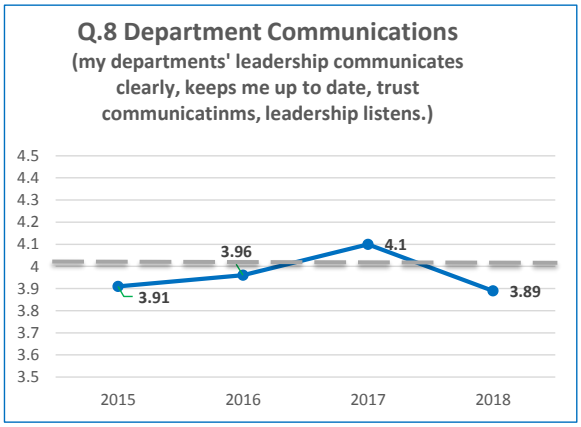


KERN HEALTH SYSTEMS

The Survey Responses 2015 – 2018 (cont.)

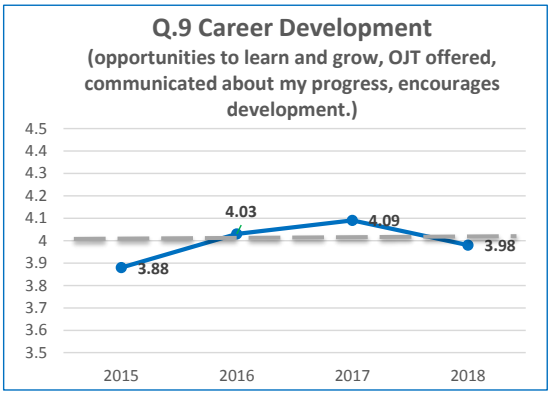


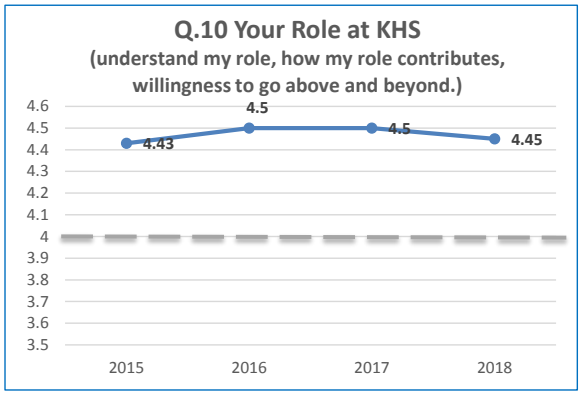


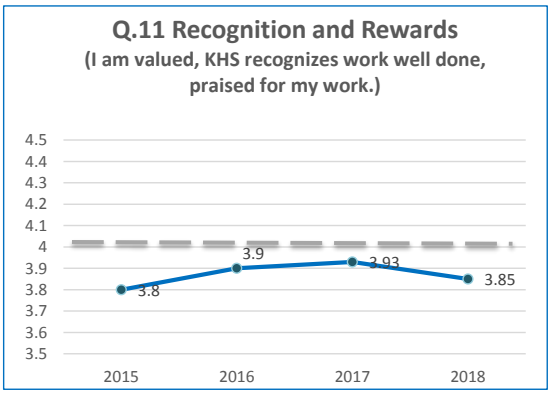


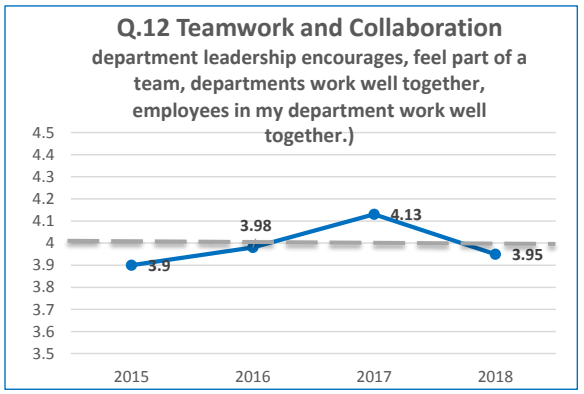
KERN HEALTH SYSTEMS

The Survey Responses 2015 – 2018 (cont.)



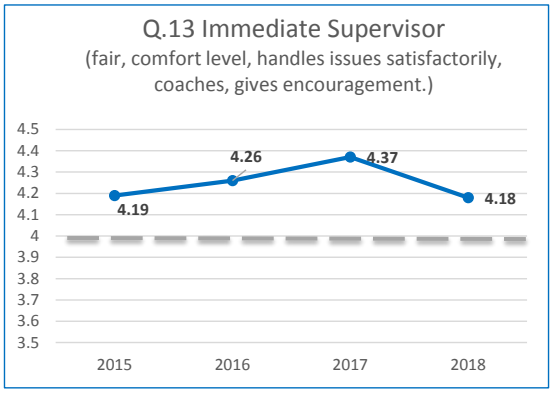


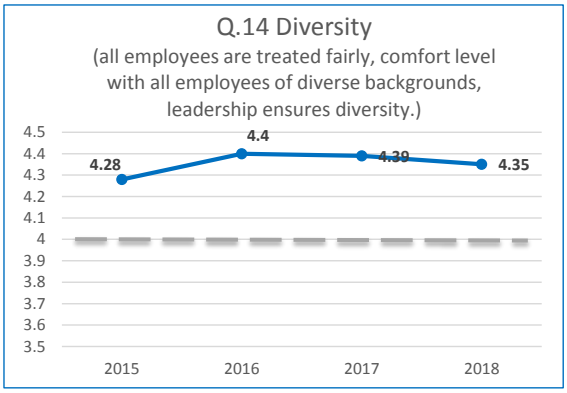


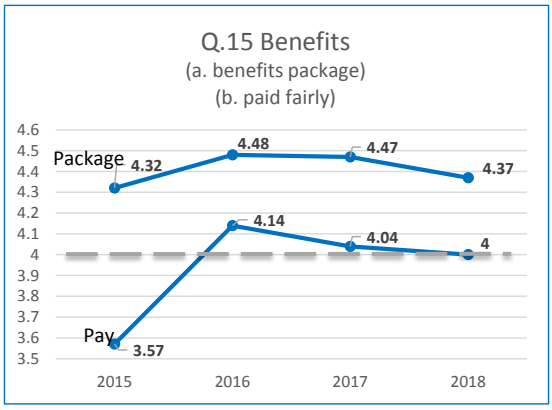


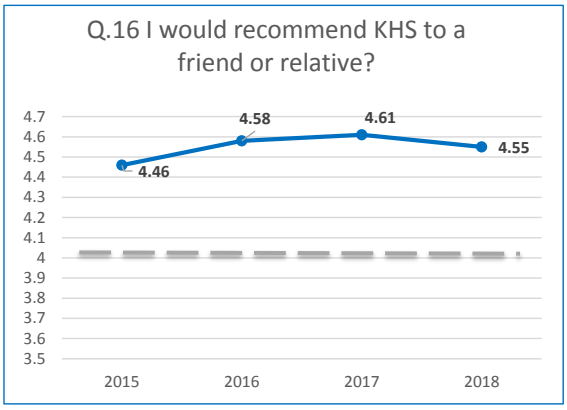
KERN HEALTH SYSTEMS

The Survey Responses 2015 – 2018 (cont.)









KERN HEALTH SYSTEMS

Employee Satisfaction and Employee Engagement

Why measure both? What's the difference?

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

KERN HEALTH SYSTEMS

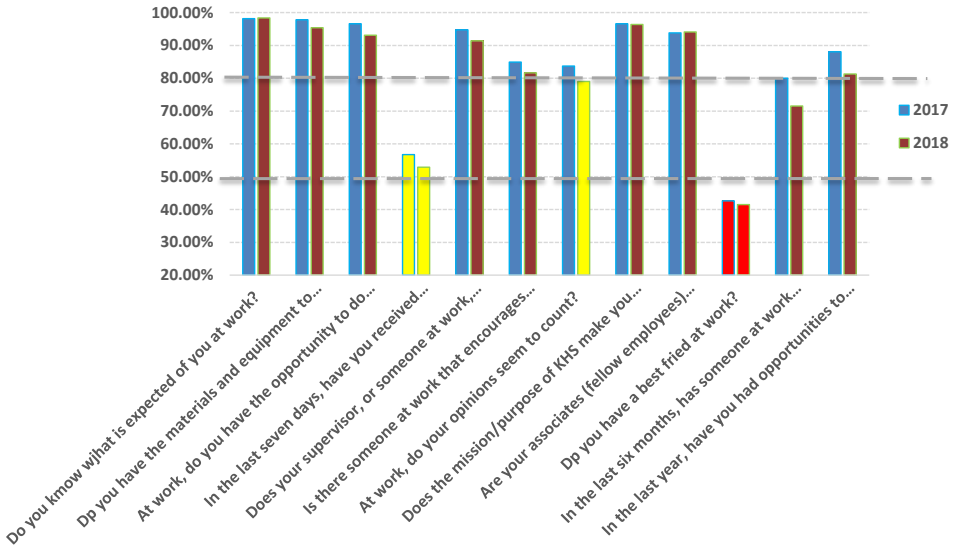
The Gallup Q12 Questions

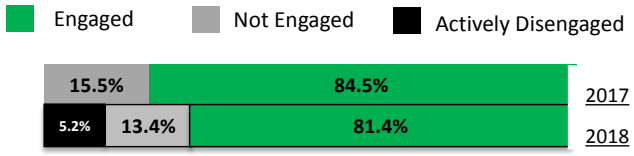
1. Do you know what is expected of you at work?
2. Do you have the materials and equipment to do your job?
3. At work, do you have the opportunity to do what you do best every day?
4. **In the last seven days, have you received recognition or praise for doing good work?**
5. Does your supervisor, or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

KERN HEALTH SYSTEMS

Employee Engagement

Gallup Q12





KERN HEALTH SYSTEMS

Conclusion of the Employee Satisfaction and Engagement Survey

At 81.4% in overall Engagement – KHS has good employee engagement

Things we are doing that we need to keep doing?

- Growing our Learning and Development Department
- Continue with new EOM/VIP Recognition Program – Executive Lunch
- Continue to promote from within and encourage professional growth
- Department Managers champion the Tuition Reimbursement Policy
- Continue to Survey Employees Annually
- Continue to grow and promote the new KHS Wellness Program

Things we could improve on?

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

KERN HEALTH SYSTEMS

Next Steps

1. Report EE Satisfaction Survey department results to Directors and task them with an Action Plan for scores below 4.0
   - To be presented at the April Executive Officers Meeting
   - Review Department Action Plans from 2018 EE Satisfaction Survey
2. Report results of the 2018 Department Surveys and Department Action Plan to each department
3. Continue with new Employee of the Month Recognition Program which was started in December 2018
4. Roll-out the new Ceridian LMS with LinkedIn Learning
5. Roll-out new Employee Performance Management Program inclusive of Goals and Objectives for all employees
6. Move to the new building which will provide additional access and cohesiveness to the entire KHS team
7. All Departments to conduct quarterly team building activities

KERN HEALTH SYSTEMS

Thank you!

Anita Martin
Director of Human Resources

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 11, 2019

Re: Voluntary Participation in IGT Funding Distribution

Background

Department of Health Care Services (DHCS) is providing qualified local hospitals with the opportunity to participate in voluntary IGT distributions for the periods 7/1/17- 6/30/18. Besides Kern Medical, the two district hospitals in our service area also qualify for participation. Each hospital is required to contribute funding which is matched with federal dollars and returned through KHS to the respective institutions. Hospitals participating include:

1. Kern Medical
2. Kern Valley Healthcare District
3. Tehachapi Valley Healthcare District

Agenda items 10 (attached), 11, and 12 are draft amendments to our respective hospital agreements with each institution which will require approval separately by the Board in order to facilitate the transfer of such funds.

Requested Action

Approve.

HEALTH PLAN-PROVIDER AGREEMENT

PHYSICIAN SERVICES AGREEMENT

AMENDMENT NO. 22

This Amendment is made this _____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into an Agreement effective January 9, 2001;

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

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

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

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the Kern County Hospital Authority (GOVERNMENTAL FUNDING ENTITY) to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

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

Article XI, section 11.15 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #_____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS, in accordance with paragraph 1.E below regarding the

form and timing of Local Medi-Cal Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of $_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

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

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

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

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

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

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, cost, and other factors, a percentage of the LMMCRR Payments will be allocated between the Hospital and Other Facility Services Agreement (42%) and the Physician Services Agreement (58%).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

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

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

(2) For purposes of subsection (1) (b) above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

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

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

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

J. Indemnification

Both parties agree to indemnify, defend and hold harmless the other party and their officers, agents and employees from any and all claims, demands, judgments, damages, costs, liabilities or losses arising from, or in any way relating to, any losses or delays in capitation payments as a result of intergovernmental transfers from the GOVERNMENTAL FUNDING ENTITY to the State DHCS for the provision of LMMCRR IGT Payments to Plan.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern County Hospital Authority Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT

HOSPITAL AND OTHER FACILITY SERVICES AGREEMENT

AMENDMENT NO. 42

This Amendment is made this _____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Kern County Hospital Authority, a local unit of government, which owns and operates Kern Medical Center, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective January 1, 2001, as amended ("Agreement");

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

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

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

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the Kern County Hospital Authority (GOVERNMENTAL FUNDING ENTITY) to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

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

Article X, section 10.15 shall be made part of the Agreement as follows:

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #_____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS that are designated to be paid to PROVIDER, in accordance

with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of $_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

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

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

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

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

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

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer). Based on revenue, cost, and other factors, a percentage of the LMMCRR IGT Payments will be allocated between the Hospital and Other Facility Services Agreement (42%) and the Physician Services Agreement (58%).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

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

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

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020. The parties acknowledge and agree that each party was represented by counsel in the negotiation and execution of this Amendment.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern County Hospital Authority Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this _____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Kern Valley Healthcare District, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective January 1, 2004, as amended ("Agreement");

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

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

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

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the GOVERNMENTAL FUNDING ENTITY to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

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

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

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #_____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS that are designated to be paid to PROVIDER, in accordance with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments

paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of $_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

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

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

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

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

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

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

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

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

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Kern Valley Healthcare District Date: _____

By: Title: Chief Executive Officer _____

HEALTH PLAN-PROVIDER AGREEMENT

AMENDMENT

This Amendment is made this _____ day of _____, 2019, by and between Kern Health Systems, a county health authority, hereinafter referred to as "PLAN," and the Adventist Health Medical Center Tehachapi - Tehachapi Valley Healthcare District, hereinafter referred to as "PROVIDER."

RECITALS:

WHEREAS, PLAN and PROVIDER have previously entered into a Hospital and Other Facility Services Agreement, effective November 1, 2016, as amended ("Agreement");

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

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

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

WHEREAS, PLAN and PROVIDER desire to amend the Agreement to provide for Medi-Cal managed care capitation rate increases to PLAN as a result of intergovernmental transfers ("IGTs") from the GOVERNMENTAL FUNDING ENTITY to the California Department of Health Care Services ("State DHCS") to maintain the availability of Medi-Cal health care services to Medi-Cal beneficiaries.

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

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

2017-18 IGT MEDI-CAL MANAGED CARE CAPITATION RATE RANGE INCREASES

1. IGT Capitation Rate Range Increases to PLAN

A. Payment

Should PLAN receive any Medi-Cal managed care capitation rate increases from State DHCS where the nonfederal share is funded by the GOVERNMENTAL FUNDING ENTITY specifically pursuant to the provisions of the Intergovernmental Agreement Regarding Transfer of Public Funds, #_____ ("Intergovernmental Agreement") effective for the periods of July 1, 2017 through June 30, 2018 for Intergovernmental Transfer Medi-Cal Managed Care Rate Range Increases ("IGT MMCRRIs"), PLAN shall pay to PROVIDER the amount of the IGT MMCRRIs received from State DHCS that are designated to be paid to PROVIDER, in accordance with Paragraph 1.E below, which specifies the form and timing of Local Medi-Cal Managed Managed Care Rate Range ("LMMCRR") IGT Payments. LMMCRR IGT Payments

paid to PROVIDER shall not replace or supplant any other amounts paid or payable to PROVIDER by PLAN.

PLAN shall transfer an initial amount of $_____ for the period of July 1, 2017 through June 30, 2018. The transfer shall be in accordance with a mutually agreed upon schedule between PLAN and PROVIDER.

B. Health Plan Retention

(1) Medi-Cal Managed Care Seller's Tax related withholds or payments do not apply to any service months on or after July 1, 2016.

(2) The PLAN shall not impose a fee or retention amount, or reduce other payments to a county public hospital health system, that would result in a direct or indirect reduction to the payments authorized under Welfare and Institutions Code Section 14301.5.

(3) PLAN will not retain any other portion of the IGT MMCRRIs received from the State DHCS other than those mentioned above.

C. Conditions for Receiving Local Medi-Cal Managed Care Rate Range IGT Payments

As a condition for receiving LMMCRR IGT Payments, PROVIDER shall, as of the date the particular LMMCRR IGT Payment is due:

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

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

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

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

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

(2) PROVIDER shall provide PLAN with written notice of the amount and date of the transfer within seven (7) calendar days after transferring GOVERNMENTAL FUNDING ENTITY funds to the State DHCS for use as the nonfederal share of the LMMCRR IGT Payments.

E. Form and Timing of Payments

PLAN agrees to pay LMMCRR IGT Payments to PROVIDER in the following form and according to the following schedule:

(1) PLAN agrees to pay the LMMCRR IGT Payments to PROVIDER using the same mechanism through which compensation and payments are normally paid to PROVIDER (e.g., electronic transfer).

(2) PLAN will pay the LMMCRR IGT Payments to PROVIDER no later than 30 calendar days after receipt of the IGT MMCRRIs from State DHCS.

F. Consideration

(1) As consideration for the LMMCRR IGT Payments, PROVIDER shall use the LMMCRR IGT Payments for the following purposes and shall treat the LMMCRR IGT Payments in the following manner:

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

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

(2) For purposes of Subparagraph 1.B above, if the retained LMMCRR IGT Payments, if any, are not used by PROVIDER in the State fiscal year received, retention of funds by PROVIDER will be established by demonstrating that the retained earnings account of PROVIDER at the end of any State fiscal year in which it received payments based on LMMCRR IGT Payments funded pursuant to the Intergovernmental Agreement, has increased over the unspent portion of the prior State fiscal year's balance by the amount of LMMCRR IGT Payments received, but not used. These retained PROVIDER funds may be commingled with other GOVERNMENTAL FUNDING ENTITY funds for cash management purposes provided that such funds are appropriately tracked and only the depositing facility is authorized to expend them.

(3) Both parties agree that none of these funds, either from the GOVERNMENTAL FUNDING ENTITY or federal matching funds will be recycled back to the GOVERNMENTAL FUNDING ENTITY's general fund, the State, or any other intermediary organization. Payments made by the PLAN to PROVIDER under the terms of this Amendment constitute patient care revenues.

G. PLAN's Oversight Responsibilities

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

H. Cooperation Among Parties

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

I. Reconciliation

Within 120 calendar days after the end of each of PLAN's fiscal years in which LMMCRR IGT Payments were made to PROVIDER, PLAN shall perform a reconciliation of the LMMCRR IGT Payments transmitted to the PROVIDER during the preceding fiscal year to ensure that the supporting amount of IGT MMCRRIs were received by PLAN from State DHCS. PROVIDER agrees to return to PLAN any overpayment of LMMCRR IGT Payments made in error to PROVIDER within 30 calendar days after receipt from PLAN of a written notice of the overpayment error, unless PROVIDER submits a written objection to PLAN. Any such objection shall be resolved in accordance with the dispute resolution processes set forth in Section 10.04 of the Agreement. The reconciliation processes established under this Paragraph are distinct from the indemnification provisions set forth in Paragraph J below. PLAN agrees to transmit to the PROVIDER any underpayment of LMMCRR IGT Payments within 30 calendar days of PLAN's identification of such underpayment. This Paragraph 1.I shall survive termination of this Amendment.

J. Indemnification

(1) Anything to the contrary contained in the Agreement or this Amendment notwithstanding, PROVIDER shall indemnify and hold PLAN (including its directors, officers, agents, and employees) harmless against any losses, claims, demands, liabilities, court costs, judgments and expenses, imposed by a court or otherwise incurred by PLAN arising out of, or in any way related to any payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments, including but not limited to the following circumstances:

(a) In the event that State DHCS, the Department of Health and Human Services or any other federal or state agency recoups, offsets, or otherwise withholds any money from or fails to provide any money to PLAN, or PLAN is denied any money to which it otherwise would have been entitled, for any reason relating to any payments made, or scheduled under this Amendment to be made, by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments,

including, but not limited to, (i) State DHCS' use of IGT MMCRRI or LMMCRR IGT Payments to supplant or replace other amounts in violation of the restrictions in section 2.2 of the Intergovernmental Agreement; (ii) the failure of the intergovernmental transfers from the GOVERNMENT FUNDING ENTITY, or the IGT MMCRRI or LMMCRR IGT Payments to qualify in whole or part for federal participation pursuant to 42 C.F.R. part 433, subpart B; (iii) overpayment of IGT MMCRRI or LMMCRR IGT Payments to PLAN by State DHCS; or (iv) a determination that PROVIDER's use of payments made by PLAN to PROVIDER related to the IGT MMCRRI or LMMCRR IGT Payments do not meet program requirements, PLAN shall have a right to immediately recoup, offset or withhold any and all such amounts from any other amounts owed to PROVIDER.

(2) Recovery by PLAN pursuant to this Paragraph shall include, but not be limited to, reduction in future IGT MMCRRI or LMMCRR IGT Payments paid to PROVIDER in an amount equal to the amount of IGT MMCRRI or LMMCRR IGT Payments recovered from PLAN, or by reduction of any other amounts owed by PLAN to PROVIDER;

(3) PLAN may pursue an appeal, a lawsuit, or any other available legal action to challenge any recoupment by State DHCS, the Department of Health and Human Services, or any other federal or state agency, that is not required by law, unless after consultation with PROVIDER and with good cause, PLAN determines that it is not in the best interest of PLAN and/or PROVIDER to do so.

(4) At PLAN's discretion, PROVIDER shall either immediately provide or arrange for legal representation on PLAN's behalf or PLAN shall arrange for its own representation and be entitled to reimbursement, from PROVIDER, of its reasonable attorney's fees and costs incurred for such representation, in addition to any and all other relief to which PLAN may be entitled, including, but not limited to, the following circumstances:

(a) If any action at law, suit in equity, arbitration, or administrative action is brought against PLAN by State DHCS, the Department of Health and Human Services, any other federal or state agency or other individual or organization to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) recoup, offset, or otherwise withhold any money from PLAN relating to the IGT MMCRRI or LMMCRR IGT Payments; or

(b) If PLAN brings any appeal, action at law, suit in equity, arbitration or administrative action against State DHCS, the Department of Health and Human Services or any other federal or state agency to: (i) enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments; or (ii) in response to an action described in Subparagraph 1.J (1)(a) or Subparagraph 1.J (4)(a) above.

(5) If PLAN prevails in any appeal, action at law, suit in equity, arbitration, or administrative action against PROVIDER to enforce or interpret the IGT MMCRRI or LMMCRR IGT Payments or to recoup, offset, or otherwise withhold any money relating

to the IGT MMCRRI or LMMCRR IGT Payments, PLAN shall be entitled to reasonable attorney's fees and costs from PROVIDER.

(6) It is the parties' intention that PLAN not be economically harmed as a result of its willingness to enter into this Amendment.

(7) For the avoidance of doubt and purposes of clarity, the parties agree that this Paragraph J shall prevail to the extent any provision in this Paragraph J is contrary to or conflicts with any other provision, section, paragraph, or part of this Amendment or any provision of the Agreement. This Paragraph J shall survive termination of this Amendment.

2. Term

The term of this Amendment shall commence on July 1, 2017 and shall terminate on September 30, 2020.

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

SIGNATURES

HEALTH PLAN: Kern Health Systems Date: _____

By: Title: Chief Executive Officer _____

PROVIDER: Adventist Health Medical Center Tehachpai - Tehachapi Valley Healthcare District

Date: _____

By: Title: Chief Executive Officer _____

KERN HEALTH SYSTEMS

To: **KHS Board of Directors**

From: **Robert Landis, CFO**

Date: **April 11, 2019**

Re: **2018 Annual Report for Travel**

Background

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

Discussion

KHS encourages employees to attend conferences and seminars to:

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

Examples of KHS travel include attending meetings with State regulators such as DHCS & DMHC, attending trade association conferences, participating on vendor advisory boards and professional education and training seminars.

During 2018 $26,237.02 was spent on regulatory or trade association travel, $70,598.31 was spent on professional development and training travel, and $76,383.20 was spent on conference attendance travel. The total travel expenses incurred for 2018 was $174,247.55, which was approximately $29,500 more than the prior year. The majority of this increase relates to the increased need of the Project Management ("PM") Department to attend conferences. With increases in internal demand for complex project delivery, the PM department is continually looking to improve the performance and delivery of the project portfolio.

By attending conferences, the PM Department is able to share common issues and best practices, build valuable connections and develop practical solutions. The PM Department will continue to leverage these conferences in order to maximize the positive impact on the operations of the plan.

Requested Action

Receive and file; for informational purposes only.

KERN·HEALTH SYSTEMS

	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATON (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
1	Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Camarillo, CA	1/25/18	-	286.85	80.00	366.85
2	Chief Operating Officer	2018 CAHP Seminar Series - Medi-Cal: Expanding Coverage & Benefits	P	Out	Burbank, CA	2/20/18 - 2/21/18	100.00	298.56	64.00	462.56
3	Chief Executive Officer	2018 CAHP Seminar Series - The Opioid Epidemic	P	Out	Burbank, CA	3/20/18 - 3/21/18	100.00	423.32	96.00	619.32
4	Chief Financial Officer	LHPC Quarterly All Plan CFO Meeting	R	Out	Sacramento, CA	4/3/18 - 4/4/18	-	503.90	48.00	551.90
5	**Various:** Business Intelligence Supervisor (1), Case Management Manager, UM (1), Quality Improvement Nurse (1), Project Management Supervisor (1), Sr. Financial Data Analyst (1), Director of Technical Operations (1)	LHPC Medi-Cal Managed Care Finance 101	P	Out	Rancho Cucamonga, CA	4/08/18 - 4/9/18	129.54	1,310.00	418.50	1,858.04
6	Chief Operating Officer	2018 CAHP Seminar Series - Provider Directories: California's Path to Increased Accuracy	P	Out	Burbank, CA	4/10/18 - 4/11/18	100.00	319.83	80.00	499.83
7	Executive Services Coordinator	Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
8	Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Alameda, CA	5/17/18 - 5/18/18	-	475.53	86.25	561.78
9	Chief Executive Officer	LHPC Board Meeting	R	Out	Sacramento, CA	5/20/18 - 5/21/18	-	569.00	96.00	665.00
10	Chief Operating Officer	2018 Cognizant Healthcare Conference	C	OS	Orlando, FL	5/20/18 - 5/23/18	-	733.03	191.75	924.78
11	**Various:** Health Home Program Operations Manager (1), Quality Improvement Nurse II (1), Deputy Director of Health Services (1), BI Data Analyst IV (1), HEDIS RN (1)	LHPC Medi-Cal Quality Improvement & Best Practices	P	Out	Oakland, CA	5/29/18 - 5/30/18	107.95	2,020.76	431.25	2,559.96
12	Chief Financial Officer	LHPC Quarterly All Plan CFO Meeting	R	Out	Santa Cruz, CA	6/14/18 - 6/16/18	-	710.10	103.25	813.35
13	Chief Executive Officer	LHPC Board Meeting	R	Out	Sacramento, CA	6/17/18 - 6/18/18	-	995.06	112.00	1,107.06
14	Chief Operating Officer	2018 AHIP Institute & Expo	C	Out	San Diego, CA	6/19/18 - 6/22/18	1,545.00	1,717.32	176.00	3,438.32
15	Chief Executive Officer	2018 ACAP CEO Summit & Board Meeting	R	OS	Washington, D.C.	6/22/18-6/29/18	-	1,914.01	207.00	2,121.01
16	**Various:** Member Services Manager (1), Director of Health Education, Cultural & Lunquistics Services (1), Project Management Supervisor (1)	LHPC Medi-Cal Managed Care Finance 101	P	Out	Sacramento, CA	7/15/18 - 7/16/18	64.77	511.95	240.00	816.72
17	Chief Operating Officer	2018 CAHP Seminar Series - The Evolution & Future of California's Medi-Cal Program	P	Out	Burbank, CA	7/24/18 - 7/25/18	100.00	397.08	64.00	561.08
18	Chief Executive Officer	2018 CAHP Seminar Series - The Evolution & Future of California's Medi-Cal Program	P	Out	Burbank, CA	7/24/18 - 7/25/18	100.00	429.98	48.00	577.98
19	Chief Operating Officer	KHS Board of Directors Meeting: Return from out of the area to attend meeting	O	In	Bakersfield, CA	8/9/18	-	195.31	88.50	283.81

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20	Chief Operating Officer	LHPC Quarterly All Plan COO Meeting	R	Out	Rancho Cucamonga, CA	8/16/18 - 8/17/18	-	360.65	67.50	428.15
21	Chief Executive Officer	Annual Health Plan Consumer Experience & Retention Summit	C	OS	Boston, MA	9/13/18 - 9/14/18	795.00	680.61	258.75	1,734.36
22	Chief Financial Officer	LHPC Quarterly CFO Meeting	R	Out	San Diego, CA	10/21/18 - 10/23/18	-	768.54	88.75	857.29
23	Chief Operating Officer	2018 CAHP Annual Conference	C	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,420.68	195.25	2,365.93
24	Chief Executive Officer	2018 CAHP Annual Conference	C	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,738.89	177.50	2,666.39
25	Chief Operating Officer	2018 ACAP Fall Quality, Board & Chiefs Meeting	R	OS	Phoenix, AZ	11/28/18-11/30/18	-	568.56	56.00	624.56
26	Chief Executive Officer	2018 ACAP Fall Quality, Board & Chiefs Meeting	R	OS	Phoenix, AZ	11/27/18 - 11/30/18	-	652.20	-	652.20
27	**Various:** Administrative Director, Health Homes Program (1), Accountant I (1), Accounting Supervisor (1), Project Management Supervisor (1), Deputy Director of Health Services (1)	LHPC Medi-Cal Managed Care Finance 201: Inside the Rate-Setting Processing Conference	P	Out	Rancho Cucamonga, CA	12/16/18-12/17/18	112.90	526.58	305.00	944.48
	Executive Total						**4,865.16**	**20,528.30**	**3,779.25**	**29,172.71**
28	**Various:** Assistant Controller, Accounting (1), Accounting Manager (1), Accounting Supervisor (1), Accountant I (1), Senior Accountants (2), and Benefits Analyst, HR (1)	DPVB Training - Seeing Beyond the Numbers: Reading & Understanding a Financial Statement	P	In	Bakersfield, CA	2/7/18	175.00	-	-	175.00
29	Accounting Supervisor	Milliman Healthcare Training Seminar	P	OS	Las Vegas, NV	11/12/18-11/16/18	25.00	259.64	-	284.64
30	Accounting Supervisor (Admin)-INTERIM	Milliman Healthcare Training Seminar	P	OS	Las Vegas, NV	11/12/18-11/16/18	25.00	259.64	-	284.64
						Finance Total	**225.00**	**519.28**	**-**	**744.28**

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	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATON (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
31	Director of Technical Operations	2018 Bakersfield Young Professionals (BYP) Conference	C	In	Bakersfield, CA	4/12/18	21.49	-	-	21.49
32	IT Coordinator	Bakersfield Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
33	Director of Technical Operations	Bakersfield Womens Business Conference	C	In	Bakersfield, CA	4/19/18	110.00	-	-	110.00
34	Director of Technical Operations	QNXT Board of Directors Meeting	R	OS	Phoenix, AZ	1/28/18 - 1/31/18	-	1,439.00	236.00	1,675.00
35	Chief Information Officer	Local Health Plans Quaterly CIO Meeting	R	Out	Chula Vista, CA	3/29/18 - 3/30/18	-	1,000.45	80.00	1,080.45
36	Data Analytics and Reporting Supervisor	Data Analytics Conference	C	Out	San Jose, CA	3/5/18 - 3/9/18	1,766.00	1,212.31	288.00	3,266.31
37	Director of Technical Operations	State Hospital Directed Payments Meeting	R	Out	Oakland, CA	4/17/18 - 4/18/18	-	644.04	103.50	747.54
38	Database Administrator IV	SQL Server Training	P	OS	Oakbrook Terrace, IL	4/25/18 - 4/28/18	1,495.00	946.78	177.00	2,618.78
39	Director of Technical Operations	2018 Cognizant Healthcare Conference	C	OS	Grande Lakes, FL	5/19/18 - 5/23/18	-	1,774.76	339.25	2,114.01
40	Technical Analyst III	2018 ZeOmega Connections Conference	C	OS	Plano, TX	5/21/18 - 5/24/18	-	1,599.65	132.75	1,732.40
41	Chief Information Officer	2018 AHIP Institure & Expo Conference	C	Out	San Diego, CA	6/19/18 - 6/22/18	1,545.00	1,710.52	144.00	3,399.52
42	Chief Information Officer	Local Health Plans Quaterly CIO Meeting	R	Out	Scott Valley, CA	6/28/18 - 6/29/18	-	170.63	88.50	259.13
43	Director of Technical Operations	Local Health Plans Quaterly CIO Meeting	R	Out	Scott Valley, CA	6/28/18 - 6/29/18	-	438.78	103.25	542.03
44	Director of Technical Operations	State Hospital Directed Payments Meeting	R	Out	Burbank, CA	8/22/18 - 8/23/18	-	21.54	-	21.54
45	Director of Technical Operations	2018 VM World Conference	C	OS	Las Vegas, NV	8/26/18 - 8/29/18	-	1,144.44	256.00	1,400.44
46	Chief Information Officer	Dell Executive Briefing Meeting	C	Out	Campbell, CA	9/12/18-9/14/18	-	1,573.51	144.00	1,717.51
47	Technical Analyst II	Medical Coding AAPC Regional Conference	C	Out	Anaheim, CA	9/17/18 - 9/19/18	655.00	689.34	224.00	1,568.34
48	Chief Information Officer	2018 Edifecs Customer Leadership Summit Meeting: Cancellation Fee	C	Out	Coronado, CA	9/17/18-9/19/18	-	8.00	-	8.00
49	Senior Network System Administrator	2018 Microsoft Ignite Conference	C	OS	Orlando, FL	9/24/18-9/28/18	2,395.00	2,960.27	206.50	5,561.77
50	IT Configuration Supervisor	Cognizant Fall Customer Conference	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	857.07	256.00	1,813.07
51	Director of Technical Operations	Cognizant Fall Customer Conference	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	1,013.47	240.00	1,953.47
52	Chief Information Officer	ACAP 2018 Fall CMO/Quality Board Meeting	R	OS	Phoenix, AZ	11/26/18-11/30/18	-	324.40	-	324.40
	MIS Total						9,497.49	19,528.96	3,018.75	32,045.20

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53	Business Intelligence Supervisor	2018 Johns Hopkins ACG System International Conference	C	OS	San Antonio, TX	4/22/18 - 4/25/18	775.00	1,294.59	224.00	2,293.59
54	Data Analytics and Reporting Supervisor	Data Analytics IDEAS SoCal Conference	C	Out	Los Angeles, CA	10/19/18-10/21/18	320.64	800.97	148.50	1,270.11
							1,095.64	**2,095.56**	**372.50**	**3,563.70**
55	Director of Claims	QTR LHPC Claim Director Meeting	R	Out	San Francisco, CA	1/11/18 - 1/12/18	-	778.78	74.00	852.78
56	Director of Claims	Oversight Delegation audit of Kaiser Permanente	R	Out	Rancho Cucamonga, CA	11/14/18-11/15/18	-	405.78	122.00	527.78
57	Director of Claims	2018 ICE Annual Conference	C	Out	San Francisco, CA	12/2/18-12/4/18	580.00	1,085.82	152.00	1,817.82
58	Director of Claims	LHPC QTR Claim Director Meeting	R	Out	San Diego, CA	4/12/18 - 4/15/18	-	453.26	80.00	533.26
59	Claims Manager	Claims Coding Recertification	P	OS	Orlando, FL	4/7/18 - 4/11/18	975.00	1,471.73	295.00	2,741.73
60	Director of Claims	2018 Cognizant Healthcare Conference	C	OS	Grande Lakes, FL	5/20/18 - 5/23/18	-	1,655.02	162.25	1,817.27
61	Director of Claims	LHPC QTR Claim Director Meeting	R	Out	Camarillo, CA	7/19/18 - 7/20/18	-	311.52	80.00	391.52
62	Claims System Process Improvement Program Manager	2018 Cognizant QNXT User Conference	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	952.40	176.00	1,828.40
63	Deputy Director of Claims	2018 Cognizant QNXT User Conference	C	Out	San Diego, CA	9/9/18 - 9/12/18	700.00	993.59	176.00	1,869.59
64	Director of Claims	Public Health Care Systems & Health Plans: Improving Data Quality Together	P	Out	Burbank, CA	8/22/18 - 8/23/18	-	21.54	-	21.54
	Claims Total						**2,955.00**	**8,129.44**	**1,317.25**	**12,401.69**

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65	Director of Government Affairs and Business Development	State Programs Committee	R	Out	Sacramento, CA	2/14/18 - 2/15/18	-	665.77	72.00	737.77
66	Director of Government Affairs and Business Development	Meeting for Legislative Briefing & Overview of select Medi-cal manage care topics	R	Out	Sacramento, CA	2/26/18 - 2/27/18	-	919.33	80.00	999.33
67	Director of Government Affairs and Business Development	State Programs Committee - CAHP Inland Health Plan	R	Out	Rancho Cucamonga, CA	5/9/18	-	164.59	-	164.59
68	Director of Government Affairs and Business Development	LHPC Board Meeting	R	Out	Sacramento CA	9/16-9/17/18	-	544.10	64.00	608.10
69	Project Management Supervisor	PMI Global Conference	C	Out	Los Angeles, CA	10/05/18 - 10/08/18	1,395.00	1,321.04	181.50	2,897.54
70	Project Manager II	PMI Global Conference	C	Out	Los Angeles, CA	10/06/18 - 10/08/18	1,350.00	890.92	181.50	2,422.42
71	Senior Project Manager	PMI Global Conference	C	Out	Los Angeles, CA	10/05/18 - 10/08/18	1,350.00	1,339.98	181.50	2,871.48
72	Director of Government Affairs and Business Development	CAHP Annual Conference & LHPC Board Meeting	R	Out	San Diego, CA	10/21/18 - 10/24/18	750.00	1,419.43	106.50	2,275.93
73	Director of Government Affairs and Business Development	LHPC PMO Sub Committee	R	Out	San Francisco, CA	11/1/18-11/2/18	-	489.17	82.50	571.67
74	Project Management Supervisor	LHPC PMO Sub Committee	R	Out	San Francisco, CA	11/1/18-11/2/18	-	475.13	95.00	570.13
75	Project Management Supervisor	PMO Synposium; Board approved as unusual travel	P	OS	Washington, D.C.	11/10/18-11/14/18	2,295.00	1,776.96	228.00	4,299.96
76	Director of Government Affairs and Business Development	PMO Synposium; Board approved as unusual travel	P	OS	Washington, D.C.	11/11/18-11/14/18	2,295.00	1,763.10	171.00	4,229.10
					Management Total		**9,435.00**	**11,769.52**	**1,443.50**	**22,648.02**
77	Senior Provider Network Analyst	CAHP Seminar Series Provider Directories California's Path to Increased Accuracy	P	Out	Burbank, CA	4/11/18	75.00	109.00	-	184.00
78	Senior Provider Network Analyst	CAHP Seminar Series Provider Directories California's Path to Increased Accuracy	P	Out	Burbank, CA	4/13/18	75.00	-	-	75.00
79	Provider Relations Manager	2018 ICE Annual Conference	C	Out	San Francisco, CA	12/2/18-12/4/18	725.00	1,092.36	171.00	1,988.36
80	Provider Relations Manager	Public Health Care Systems & Health Plans: Improving Data Quality Together	P	Out	Oakland, CA	4/17/18 - 4/18/18	-	353.02	69.00	422.02
81	Provider Relations Manager	Healthcare Education Association Women's Leadership Summit	C	Out	San Diego, CA	4/22/18 - 4/24/18	760.75	826.50	144.00	1,731.25
82	Credentialing Lead	2018 Cactus Roadshow & User Group Meeting	C	OS	Seattle, WA	6/2/18 - 6/5/18	500.00	1,024.50	166.50	1,691.00
83	Credentialing Coordinator	NAMSS Pre Conference Workshop for CPCS Cert	P	Out	Long Beach, CA	9/28/18 - 9/30/18	633.00	628.46	160.00	1,421.46
	Provider Relations Total						**2,768.75**	**4,033.84**	**710.50**	**7,513.09**
84	Provider Relations Program Manager	2018 California Association of Public Procurement Officials Annual Meeting	P	Out	Palm Springs, CA	1/7/18-1/12/18	395.00	991.95	304.00	1,690.95
							-	-	-	
P							**395.00**	**991.95**	**304.00**	**1,690.95**
85	Director of Member Services	Member Servies Directors Meeting	R	Out	Scotts Valley, CA	9/9/18-9/10/18	-	271.87	88.50	360.37
mb							**-**	**271.87**	**88.50**	**360.37**
86	Director of Procurement & Facilities	2018 California Association of Public Procurement Officials Annual Meeting	P	Out	Palm Springs, CA	1/7/18 - 1/11/18	395.00	1,021.60	272.00	1,688.60
87	Director of Procurement & Facilities	SDRM Education Safety Day	P	Out	Sacramento, CA	3/19/18-3/20/18	-	269.55	96.00	365.55

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88	Corporate Service Supervisor	CSDA Management Training Day	P	Out	Sacramento, CA	3/19/18 - 3/20/18	-	203.27	96.00	299.27
	Corporate Services Total						**395.00**	**1,494.42**	**464.00**	**2,353.42**
89	Director of Compliance & Regulatory Affairs	HCCA Managed Care Compliance Conference	P	OS	Scottsdale, AZ	2/11/18-2/14/18	1,049.00	1,550.78	177.00	2,776.78
90	Director of Compliance & Regulatory Affairs	2018 CAHP Seminar Series - Medi-Cal: Expanding Coverage & Benefits	P	Out	Burbank, CA	2/21/18 - 2/21/18	100.00	-	-	100.00
91	Compliance Auditor	CAHP Seminar - Provider Directory: California's Path to Increased Accuracy	P	Out	Burbank, CA	4/11/18	75.00	131.90	13.44	220.34
92	Compliance Auditor	DOJ/Manged Care Anti-Fraud Training	P	Out	Los Angeles, CA	5/1/18	-	113.12	32.00	145.12
93	Director of Compliance & Regulatory Affairs	LHPC Compliance Summit	P	Out	Sacramento, CA	6/18/18	-	307.38	64.00	371.38
94	Director of Compliance & Regulatory Affairs	Board Audit Committee Compliance Conference	C	OS	Scottsdale, AZ	9/23/18-9/25/18	895.00	1,639.87	118.00	2,652.87
	AIS Total						**2,119.00**	**3,743.05**	**404.44**	**6,266.49**
95	Marketing & Public Affairs Rep	Facebook and Instagram Advertising Ads	P	In	Bakersfield, CA	3/6/18	25.00	-	-	25.00
	Marketing Total						**25.00**	**-**	**-**	**25.00**

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96	**Various:** Director of Human Resources (1), Recruiting Supervisor (1), HR Assistant (1)	KC SHRM Jan 2018 California Legislative Update	P	In	Bakersfield, CA	1/3/18	95.00	-	-	95.00
97	**Various:** Director of Human Resources (1),Corporate Training & Development Manager (1), Instructional Designer (1)	Training & collaboration for new Instructional Designer Position	P	Out	Santa Cruz, CA	1/25/18 - 1/26/18	-	759.86	309.75	1,069.61
98	**Various:** Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM Feb 2018 Meeting	P	In	Bakersfield, CA	2/7/18	200.00	-	-	200.00
99	**Various:** HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1), Payroll Administrator (1)	KC SHRM March 2018 Meeting	P	In	Bakersfield, CA	3/7/18	175.00	-	-	175.00
100	Benefits Manager	2018 ASSE Symposium	P	In	Bakersfield, CA	3/21/18	99.00	-	-	99.00
101	Recruiting Supervisor	KC SHRM April 2018 Meeting	P	In	Bakersfield, CA	4/4/18	20.00	-	-	20.00
102	Corporate Training & Development Manager	Multi Health Plans Training and Development Synergies	P	Out	Santa Barbara, CA	04/11/18 - 04/13/18	-	557.76	185.00	742.76
103	Instructional Designer	Multi Health Plans Training and Development Synergies	P	Out	Santa Barbara, CA	04/11/18 - 04/13/18	-	385.82	185.00	570.82
104	Director of Human Resources	LHPC Meeting	P	Out	San Leandro, CA	04/18/18 - 04/20/18	-	1,230.14	222.00	1,452.14
105	**Various:** HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1)	KC SHRM May 2018 Meeting	P	In	Bakersfield, CA	5/2/18	120.00	-	-	120.00
106	**Various:** Payroll Administrator (1), Payroll & HRIS Supervisor (1), Benefits Manager (1)	KC Public Agency CALPERS Business Rules Training	P	In	Tehachapi, CA	5/23/18		180.12	-	180.12
107	**Various:** Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM June 2018 California Legislative Mid Year Update	P	In	Bakersfield, CA	6/6/18	140.00	-	-	140.00

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108	**Various:** Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), HR Assistant (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM August 2018 Meeting	P	In	Bakersfield, CA	8/1/18	140.00	-	-	140.00
109	**Various:** Director of Human Resources (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1)	KC SHRM Symposium	P	In	Bakersfield, CA	10/10/18	995.00	-	-	995.00
110	**Various:** Director of Human Resources (1), HR Assistant (1), Director of Human Resources (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Human Resource Intern (1), Benefits Analyst (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM September 2018 Meeting	P	In	Bakersfield, CA	9/5/18	200.00	-	-	200.00
111	Benefits Manager	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	1,550.00	432.84	305.00	2,287.84
112	Benefits Analyst	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	1,279.00	1,230.24	289.75	2,798.99
113	Director of Human Resources	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/20/18	-	435.02	289.75	724.77
114	Payroll & HRIS Supervisor	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/18/18	-	660.21	228.75	888.96
115	Recruiting Supervisor	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/19/18	-	434.24	289.75	723.99
116	Corporate Training & Development Manager	Insights 2018 Ceridian Conference	C	OS	Las Vegas, NV	10/15/18 - 10/18/18	-	254.59	289.75	544.34
117	**Various:** Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Recruiting Supervisor (1), Corporate Training & Development Manager (1), Payroll Administrator (1)	KC SHRM October 2018 Meeting	P	In	Bakersfield, CA	11/7/18	240.00	-	-	240.00
118	**Various:** Director of Human Resources (1), HR Assistant (1), Payroll & HRIS Supervisor (1), Benefits Manager (1), Recruiting Supervisor (1), Benefits Analyst (1), Payroll Administrator (1)	KC SHRM December 2018 Meeting	P	In	Bakersfield, CA	12/5/18	140.00	-	-	140.00
	Human Resources Total						**5,393.00**	**6,560.84**	**2,594.50**	**14,548.34**
119	Chief Medical Officer	DHCS Medical Directors Meeting	R	Out	Sacramento, CA	1/16/18 - 1/17/18	-	541.50	112.00	653.50

KERN • HEALTH SYSTEMS

	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATON (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
120	Deputy Director of Health Services	2018 CAHP Seminar Series - The Opioid Epidemic	P	Out	Burbank, CA	3/20/18-3/21/18	100.00	338.26	64.00	502.26
121	Administrative Director of Health Services	Health Care Systems & Health Plans	P	Out	Oakland, CA	4/17/18 - 4/18/18	-	347.02	69.00	416.02
122	Chief Medical Officer	2018 Institute for Healthcare Improvement summit on improving patient care	P	Out	San Diego, CA	4/25/18-4/28/18	1,344.00	1,300.68	224.00	2,868.68
123	Administrative Director of Health Services	2018 ZeOmega Connections Conference	C	OS	Plano, TX	5/21/18 - 5/24/18	-	753.00	-	753.00
124	Case Management Social Worker Supervisor	LEAP Training: Leap course +Leap training certification	P	Out	San Mateo, CA	6/20/18-6/22/18	450.00	1,103.64	180.75	1,734.39
125	Case Management Manager UM	NAHQ Annual Health Care Quality Congress	P	OS	Dallas, TX	10/4/18 - 10/07/18	949.00	1,194.24	181.50	2,324.74
126	Deputy Director of Health Services	NAHQ Annual Health Care Quality Congress	P	OS	Dallas, TX	10/4/18 - 10/8/18	949.00	2,096.53	181.50	3,227.03
127	Associate Medical Director	DHCS Medical Directors Meeting	R	Out	Sacramento, CA	10/10/18 - 10/11/18	-	393.86	115.50	509.36
128	Administrative Director of Health Services	CAHP Annual Conference	C	Out	San Diego, CA	10/21/18-10/24/18	500.00	22.00	-	522.00
129	Chief Medical Officer	American Association for Physician Leadership	P	OS	Scottsdale, AZ	10/24/18-10/29/18	-	2,006.93	354.00	2,360.93
130	Medical Director Remote	KHS Onsite Meetings for employee located in San Dimas, CA	O	In	Bakersfield, CA	10/28/18-11/2/18	-	588.25	156.96	745.21
all							**4,292.00**		**1,639.21**	**16,617.12**
131	Quality Improvement Nurse II	Master Trainers Meeting	R	Out	Sacramento, CA	1/08/18 - 1/09/18	-	656.42	96.00	752.42
132	QI Supervisor	NAHQ Annual Healthcare Quality Congress	P	OS	Dallas, TX	10/4/18-10/8/18	-	38.14	-	38.14
all							**-**	**694.56**	**96.00**	**790.56**

KERN · HEALTH SYSTEMS

	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATON (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
133	Cultural & Linguistic Administrative & Support Supervisor	HECLW Meeting	R	Out	Sacramento, CA	2/06/18 - 2/07/18	-	622.90	96.00	718.90
134	Director of Health Education	Annual Kern Perinatal Symposium	P	In	Bakersfield, CA	3/2/18	50.00	-	-	50.00
135	Cultural & Linguistic Administrative & Support Supervisor	CHIA Conference	C	Out	Irvine, CA	3/01/18 - 3/03/18	315.00	512.00	160.00	987.00
136	Senior Member Health Educator	Proactive rental housing inspection policies & smoke free housing strategies	P	Out	Sacramento, CA	3/25/18 - 3/27/18	35.00	387.43	96.00	518.43
137	Director of Health Education	MMCD Health Education & Cultural and Lingustics Workgroup	P	Out	Sacramento, CA	5/02/18 - 5/03/18	-	463.50	112.00	575.50
138	Director of Health Education	IHA Annual Health Literacy Conference	C	Out	Irvine, CA	5/08/18 - 5/12/18	528.00	895.90	192.00	1,615.90
139	Member Health Educator	IHA Annual Health Literacy Conference	C	Out	Irvine, CA	5/09/18 - 5/11/18	329.00	513.36	128.00	970.36
140	Member Health Educator	Bringing Light to Motherhood: Prenatal Mental Health Training	P	In	Bakersfield, CA	8/20/18	100.00	-	-	100.00
141	Member Health Educator Bilingual	Health Communication Workshop	P	Out	San Francisco, CA	10/8/18 - 10/12/18	999.00	1,452.62	297.00	2,748.62
142	Member Health Educator	Health Communication Workshop	P	Out	San Francisco, CA	10/8/18 - 10/12/18	999.00	1,095.04	297.00	2,391.04
143	Senior Member Health Educator	Environmental Health & Asthma Collaborative	P	Out	Oakland, CA	10/4/18 - 10/05/18	-	264.28	66.00	330.28
144	Senior Member Health Educator	DHCS Managed Care Quality & Monitoring Devision	P	Out	Sacramento, CA	11/7/18-11/8/18	-	414.47	82.50	496.97
145	Director of Health Education	MMCD Health Education & Cultural and Lingustics Workgroup	P	Out	Sacramento, CA	11/7/18-11/8/18	-	124.25	99.00	223.25
all							**3,355.00**	**6,745.75**	**1,625.50**	**11,726.25**
146	Director of Pharmacy	Current trends, clinical advances, best practices and regulations	P	OS	Nashville, TN	3/15/18 - 3/20/18	843.00	1,464.85	309.75	2,617.60
147	Director of Pharmacy	DHCS Rx Directors Meeting	R	Out	Sacramento, CA	4/17/18 - 4/18/18	-	643.24	80.00	723.24
148	Director of Pharmacy	APHA Institute of Alcoholism & Drug Dependencies	P	OS	Salt Lake City, UT	5/30/18 - 6/03/18	400.00	995.54	236.00	1,631.54
149	Director of Pharmacy	MCO Pharm Directors Meeting	R	Out	Sacramento, CA	10/16/18 - 10/17/18	-	788.13	99.00	887.13
alt							**1,243.00**	**3,891.76**	**724.75**	**5,859.51**
150	Administrative Director of Health Homes	WPC In-Person Conference	C	Out	Riverside, CA	9/30/18-10/1/18	-	316.74	81.50	398.24
me							**-**	**316.74**	**81.50**	**398.24**

KERN·HEALTH SYSTEMS

	EMPLOYEE TITLE	CONFERENCE TITLE	REGULATORY OR TRADE ASSOCIATON (R), PROFESSIONAL DEVELOPMENT (P), CONFERENCES (C), OTHER (O)	In County (In), Out of County (Out), or Out of State (OS)	LOCATION	DATES	REGISTRATION	FARE & LODGING	MEALS	TOTAL AMOUNT SPENT
151	Disease Management Case Manager RN	Diabetes Educator Certification Course	P	Out	San Diego, CA	9/4/18 - 9/7/18	579.00	965.15	240.00	1,784.15
152	Disease Management Supervisor	Public Health Advocates Diabetes Prevention	P	Out	Sacramento, CA	11/04/18 - 11/06/18	80.00	638.98	148.50	867.48
153	DM Senior Support Clerk Bilingual	Diabetes Lifestyle Coach Training	P	Out	Sacramento, CA	11/05/18 - 11/08/18	350.00	1,086.07	198.00	1,634.07
154	DM Senior Support Clerk Bilingual	Diabetes Lifestyle Coach Training	P	Out	Sacramento, CA	11/05/18 - 11/08/18	350.00	688.91	198.00	1,236.91
							-	-	-	
ea							1,359.00	3,379.11	784.50	5,522.61

	Registration	Fare & Lodging	Meals		
Sub-Totals	49,418.04	105,380.86	19,448.65	Grand Total	$ 174,247.55

	Regulatory or Trade Associations	Professional Development	Conferences	Other	Total
Sub-Totals by Travel Type	26,237.02	70,598.31	76,383.20	1,029.02	174,247.55

KERN HEALTH SYSTEMS

To: **KHS Board of Directors**

From: **Robert Landis, CFO**

Date: **April 11, 2019**

Re: **2018 Annual Report for Disposed Assets**

Background

Kern Health Systems Asset and Surplus Property or Equipment Disposition Policy (Attachment 2) requires an annual report (Attachment 1) to be submitted to the KHS Finance Committee.

Discussion

KHS Department Managers are to identify property or equipment that is no longer being used in operations, indicate an item as non-repairable, obsolete or surplus and are to submit a request for disposal of the item. It is the responsibility of the Corporate Services Department to dispose of equipment in a manner that maximizes returns while ensuring open and effective competition.

During 2018, a loss of $2,315 was recorded on the disposition of equipment.

Requested Actions

Receive and file; for informational purposes only.

Attachment 1

KERN·HEALTH SYSTEMS

2018 Asset Dispositions

Date in Service	Category	Description	Book Value at DispositionDate	Disposition Date	Reason for Disposal
8/30/2006	MIS EQUIPMENT	LASER 48 KEYPAD	-	7/31/2018	OBSOLETE
4/18/2008	MIS EQUIPMENT	BLADE SERVER ENCLOSURE–M1000E	-	7/31/2018	OBSOLETE
4/18/2008	MIS EQUIPMENT	QUAD CORE INTEL PROSSESOR E5440 - (4)	-	7/31/2018	OBSOLETE
5/14/2008	MIS EQUIPMENT	QUAD CORE INTEL XEON E5440 - (4)	-	7/31/2018	OBSOLETE
10/8/2009	MIS EQUIPMENT	DELL LATITUDE E6500 LAPTOP	-	7/31/2018	OBSOLETE
3/25/2010	MIS EQUIPMENT	DELL LATITUDE E6400 INTEL CORE 2 DUO LAPTOP - (2)	-	7/31/2018	OBSOLETE
4/15/2010	MIS EQUIPMENT	M610 BLADE SERVER (4)	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	PORT FC8 SWITCH PROJECT - (2)	-	7/31/2018	OBSOLETE
12/1/2010	MIS EQUIPMENT	FC8 SWITCH ADDITIONAL BROCADE CONNECTORS - (2)	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	DELL OPTIPLEX 780 DESKTOP	-	7/31/2018	OBSOLETE
4/22/2010	MIS EQUIPMENT	DELL LATITUDE E6400 INTEL CORE 2 DUO LAPTOP - (3)	-	7/31/2018	OBSOLETE
9/15/2011	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
10/13/2011	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
2/1/2012	MIS EQUIPMENT	DELL LATITUDE E6320 LAPTOP	-	7/31/2018	OBSOLETE
2/16/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP	-	7/31/2018	OBSOLETE
5/25/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP - (2)	-	7/31/2018	OBSOLETE
7/11/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP - (3)	-	7/31/2018	OBSOLETE
8/3/2012	MIS EQUIPMENT	DELL OPTIPLEX 790 DESKTOP	-	7/31/2018	OBSOLETE
10/30/2012	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP - (2)	-	7/31/2018	OBSOLETE
5/9/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP w/DOCKING STATION - (2)	-	7/31/2018	OBSOLETE
6/5/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP w/DOCKING STATION - (3)	(70)	7/31/2018	OBSOLETE
10/15/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP	(121)	7/31/2018	OBSOLETE
12/1/2013	MIS EQUIPMENT	DELL LATITUDE E6330 LAPTOP	(170)	7/31/2018	OBSOLETE
2/28/2015	MIS EQUIPMENT	DELL OPTIPLEX 7050 MT DESKTOPS - (5)	(1,954)	7/31/2018	OBSOLETE
		TOTAL GAIN (LOSS) RECOGNIZED ON DISPOSITION OF ASSETS	$ (2,315)		

Attachment 2

KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 1 of 4
RESPONSIBLE DEPARTMENT HEAD: Controller		

Review Date	01/01/12
Effective Date	01/06/12
Revision No.	2012-01

Approved _____ Acting Chief Executive Officer Date 1/6/12

Approved _____ Chief Financial Officer Date 1-5-12

Approved _____ Controller Date 1-5-12

Approved _____ Purchasing Manager Date 1-5-12

POLICY[1]: Asset and Surplus Property or Equipment Disposition

PURPOSE: To appropriately dispose of Kern Health Systems (KHS) owned tagged assets and surplus equipment that no longer has operational value.

DEFINITIONS:

Asset	Any tangible property owned by KHS, either with or without value, excluding real property
Disposal/Disposition	The sale, replacement, transfer, scrap, discard, recycling or other means of disposing of assets
E Waste	Electronic items to be recycled such as computers, monitors, phones
Fixed Asset	Classification of an item determined at the time of purchase to meet the capitalization requirements established by policy 80.11 Budget Guidelines
Item	Any piece of property or equipment

KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 2 of 4

Obsolete	Significant decline in the competitiveness, usefulness, or value of an item or property whether due to alternatives that perform better, are cheaper, or both; or due to changes in user preference or requirements. For the purposes of this policy, obsolete will mean little to no monetary value.
Salvage Value	The estimated residual value of a depreciable asset (fixed asset) at the end of its economic or useful life.
Surplus Equipment	Excess, obsolete, salvageable or non-salvageable assets which are sold, replaced through the budget process, transferred, scrapped, discarded or otherwise removed from service by any other means of disposal.
Useful Life	The number of years an asset is determined to last at the time of purchase, to which a matching depreciation period is assigned.

ASSET DISPOSITION AUTHORITY:

1.0 Any Department Manager may identify KHS' property or equipment that is no longer being used in operations, whether that item is non-repairable, obsolete, or surplus, and may submit a request for disposal of that item. It is the responsibility of the Corporate Services department to dispose of surplus equipment in a manner that maximizes returns while ensuring open and effective competition. Surplus equipment and property may be disposed of via: interdepartmental transfer, sale by competitive bid or direct negotiation, trade-in on new property, donation, e-waste recycling, or scrap. Proceeds from the sale or recycling of equipment shall go into the KHS General Fund.

NOTIFICATION AND VERIFICATION:

1.0 Notification to Accounting of intent to dispose of property

a) When a Department Manager has determined an item is non-repairable, obsolete or surplus, they will notify the Accounting department to obtain the necessary specification details located on either the item's existing equipment card (in the case of a fixed asset), or purchasing documentation for non-capitalized items.

b) Upon receipt of the information from the Accounting department, the Department Manager will complete the Intent to Dispose of Property (IDP) form and will submit the form to Corporate Services.

2.0 Verification of Non-Repairable, Obsolete or Surplus

Corporate Services will make a reasonable effort to classify the item into one of the following categories: Non-Repairable, Obsolete or Surplus.

a) Non-Repairable Equipment: equipment that is broken beyond repair

b) Obsolete Equipment: equipment that has no useful value to KHS, has little to no monetary value, but may have value to another organization

c) Surplus Equipment: equipment in working order that is no longer being used by a

KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 3 of 4

3.0 Notification to Accounting of sale, donation or recycling of property
When a fixed asset is sold, donated, or recycled, Corporate Services will notify Accounting by completing a Disposal of Fixed Asset (DFA) form. Corporate Services will attach the completed and executed IDP form to the DFA form. Accounting will review the DFA form and will record the disposition of the fixed asset on the equipment card.

4.0 The Controller will maintain the log of assets sold, transferred, traded, donated or scrapped.

5.0 On an annual basis, the CFO will present a listing of disposed assets for review by the Finance Committee.

6.0 In the event a potential disposal item has a book or market value in excess of $5,000.00, then Board approval is required before disposition is authorized.

DISPOSITION METHODS:

The principal methods for disposal of surplus equipment are:

1.0 Interdepartmental transfer: Prior to disposal, Corporate Services will make a reasonable effort to ensure the equipment cannot be used by another department. If the item can be used by another department, Corporate Services will deliver that item to the requesting department. In the case of a fixed asset, Corporate Services will indicate the new location on the IDP form and will forward the form to Accounting so that a change in location can be recorded on the equipment card. A copy of the IDP form will also be sent to the requesting Department Manager.

2.0 Sale by competitive bid or direct negotiation: If obsolete or surplus equipment is in working condition and has previously been determined to have a resale value greater than $100, Corporate Services will attempt to bundle like (or networked) items and sell the equipment via an online auction competitive bidding process or directly negotiated sale. It will be made clear to all prospective buyers that assets are sold as-is and at the buyer's risk. No warranty or after sale service will be offered. Delivery of the equipment will be at the buyer's expense.

3.0 Trade-in: If the surplus equipment has trade-in value toward the purchase of a new, like item, the item will be hauled away by the new equipment vendor. The trade-in value will be reflected on the invoice for the new equipment.

4.0 Donate or Sell:
KHS will donate surplus equipment within Kern County according to the following priority list:

- KHS will offer computer equipment to contracted providers to promote electronic business to business interactions.
- KHS will offer equipment to non-profit organizations and governmental agencies.
- KHS will sell equipment to KHS employees.

5.0 Prior to the sale or donation of any computer equipment, KHS will ensure that the computers are scrubbed clean of all corporate information (all electronic files deleted and licensed software removed), and the operating system will be reloaded. Inventory and identification tags will be removed. KHS will donate computer equipment as is, with no guarantee toward the current or future working condition of the equipment. KHS will not provide technical assistance with set-up or operation of the equipment.

6.0 E-Waste: Electronic items that have monetary value less than $50, which cannot be sold or donated, will be recycled using an approved e-waste vendor selected by Corporate Services.

KERN HEALTH SYSTEMS
POLICIES AND PROCEDURES

SUBJECT: Asset and Surplus Property or Equipment Disposition	INDEX NUMBER 80.21-I	Page 4 of 4

Corporate Services will complete a DFA form and will submit to Accounting.

7.0 Scrap: If the surplus equipment is broken and is not e-waste, Corporate Services will make a reasonable effort to determine the cost of repairs, the extended life of the repairs, and compare the repaired value against the cost of a replacement item. If the cost to repair the item is greater than replacement or if the item cannot be repaired due to the non-availability of parts, the item will be marked as scrap. Scrap equipment will be physically disposed of following current city and county dump site requirements.

Attachments:

- ❖ Attachment A – Intent to Dispose of KHS Property
- ❖ Attachment B – Disposal of Fixed Asset(s)

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[1] **Revision 2012-01**: Developed by KHS' Chief Financial Officer to appropriately dispose of KHS owned assets and surplus equipment that no longer have an operational value.

Attachment A

KERN HEALTH SYSTEMS

9700 Stockdale Hwy
Bakersfield, CA 93311
661-664-5000

Intent to Dispose of Property, Plant & Equipment

Department:	
Contact Person:	**Phone:**

QTY	Serial number	Description	KHS Tag #

Status of Item

Non-Repairable

Obsolete

Surplus

Comments:

Verification of Item Status: _____

New Location of Surplus Equipment: _____

Cc: Accounting, Corporate Service, Department Manager

Attachment B

KERN HEALTH SYSTEMS

9700 Stockdale Hwy
Bakersfield, CA 93311
661-664-5000

Disposal of Fixed Asset

Department:	
Contact Person:	**Phone:**

QTY	Serial number	Description	KHS Tag #

Disposition Notes: (method and details of disposal: donate, trade-in, sell, E-waste, scrap)

CHAIN OF CUSTODY

MIS (computer equip only): _____ **Date:** _____ **Time:** _____

Relinquished: _____ **Date:** _____ **Time:** _____

Received: _____ **Date:** _____ **Time:** _____

cc: Accounting, Relinquishing Department and Corporate Services (Original stays with accounting)

KERN HEALTH SYSTEMS

To: **KHS Board of Directors**

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

Date: **April 11, 2019**

Re: **Renewal HealthX Agreement**

Background

In December 2015, Kern Health Systems ("KHS") issued a Request for Proposal ("RFP") to identify vendors to replace the existing provider portal vendor (Patriot) that was no longer supported and implement a new Member Portal. KHS selected HealthX as the provider for these services and entered a three year agreement in May of 2016. KHS has been very satisfied with the services provided by HealthX.

Overview

During the past three years, HealthX has partnered with KHS to provide exceptional member and provider access. Provider acceptance and use of the KHS portal has increased to the point where currently 88% of professional prior authorization requests and 69% of all inpatient admissions are submitted via the portal. Providers also have availability to confirm member eligibility, patient gaps in care, check claim and authorization status along with geo mapping for the provider network. KHS medical management and provider relations staff are working with providers to increase this on-line submission percentage. Member adoption and use of the member portal is also on the increase. Currently 9615 members have registered and used the member portal. The top five reasons members call into Member Services could resolved using the member portal along with access to gaps in care along with geo mapping for the provider network.

Financial Impact

Currently monthly expense for both portals = $39,200. HealthX has agreed to maintain existing rate and forgo any increase during the next 36 months. The previous three year agreement also did not have a built in fee increase mechanism. Contract not to exceed $1,411,200 for the three years.

Requested Action

Approve; Authorize Chief Executive Officer to sign agreement.

HealthX Renewal
Provider and Member Portal
April 11, 2019
Alan Avery, COO

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1

Background

- December 2015 KHS conducted RFP process to identify portal vendors to replace existing provider portal vendor (Patriot) that was no longer supported and implement new Member Portal.
- Selected HealthX and executed 3 year agreement 5/2016.
- KHS has been very satisfied with HealthX's performance.

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KHS Provider & Member Portal Services

Member Portal	Provider Portal
Digital self-service tools available to members 24/7 to do the following:	Eligibility Confirmation-prior to scheduling or at the time of the visit.
-Change PCP	Submit Prior Authorizations electronically
-Check eligibility/demographic updates	Check claims payment status
-Request new ID card/print temporary	Access provider network including geo mapping tool.
-Access authorizations and Rx TARs	Self service tools-authorization look up, demographic updates, etc.
-Locate providers using geo mapping	Pay for Performance updates
Access to gaps in care	Access to members gaps in care

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Summary

- HealthX has been a great partner in assisting KHS expand the use of our Provider and Member Portal
  - 88% of professional prior authorizations requests and 69% of inpatient admissions are submitted via the Provider Portal. KHS medical management and provider relations staff are working with providers to increase on-line submission of authorization requests.
  - 4.4% (10,914) of KHS members have registered on Member Portal. KHS continues to encourage members to sign up and use the Member Portal. Top five reasons members call Member Services could be addressed by Member using self help tools. Member portal is required to meet NCQA Standards
- HealthX Current Monthly Expense for both portals-$39,200

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Recommendation

- KHS Management recommends to the Board to renew our current agreement with HealthX and sign a three (3) year extension at the same monthly rate

- Request the KHS Board of Directors authorize the CEO to approve three year contract renewal with HealthX in the amount not to exceed $1,411,200 for three years for portal services

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Questions

For additional information, please contact:

Alan Avery
Chief Operating Officer
661-664-5000

KERN HEALTH SYSTEMS
kernhealthsystems.com

Proposed Administrative Contract over $100,000, April 11, 2019

1. Operational Agreement with HealthX.
   a. Recommended Action

      Approve; Authorize Chief Executive Officer to Sign

   b. Contact

      Alan Avery; Chief Operating Officer.

   c. Background

      In December 2016, KHS underwent the RFP process to identify Provider and Member Portal systems. KHS leveraged a third party vendor to assist in the portal selection process to ensure that the system is operationally and technically compatible with KHS. HealthX was selected as the vendor for these services.

   d. Discussion

      The portal is heavily used by the contracted provider network for various transaction such as (not limited to): Member Eligibility; Claims Status; Authorization Status; P4P; Medical Referrals; Health Education Referrals; Provider Bulletins; and Formulary Reference. Many of these transactions are critical for the provider operations, and the provider portal is now an essential communication tool used by KHS. As part of the strategic planning, KHS identified that provider and member communication are necessary for a solid relationship between all three entities (Plan, Member, Provider). KHS management is recommending the continuation of the current agreement with HealthX for its Provider and Member portal.

e. Fiscal Impact

Not to exceed $1,411,200.00 per three years.

f. Risk Assessment

If KHS does not have a member portal it will not meet a regulatory requirement to manage the Dual Eligible population.

g. Attachments

An Agreement at a Glance form is attached.

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

This contract is pending Legal Counsel approval.

☑ Contract
☐ Purchase

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: Executive Department Head: Alan Avery

Contract Vendor: HealthX

Vendor contact Name & e-mail: John Mayall jmayall@healthx.com

What services will this vendor provide to KHS? HealthX will provide a hosted software solution for a Provider and Member Portal to include recurring support and maintenance.

Description of Contract

Type of Agreement: Software

Background: In December 2016, KHS underwent an RFP process to identify Provider and Member Portal systems. KHS leveraged a third party vendor to assist in the portal selection process to ensure that the system is operationally and technically compatible with KHS. KHS selected HealthX as the provider for these services.

☐ Establish a new agreement

Previous Agreement No. _____ or Amendment No. _____

☐ Amendment

Date Agreement Began _____

☒ Continuation of an Existing Contract

Brief Explanation This contract is for the continuation of services with HealthX for a hosted member and provider portal software solution. The contract includes monthly support and maintenance.

☐ 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 has a contract with HealthX for these services.

☐ Conflict of Interest Form is required for this Contract

☒ HIPAA Business Associate Agreement is required for this Contract

Form updated 11/17/15

Fiscal Impact

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

Budgeted Cost Center 225 GL# 1663

Will this require additional funds? ☒ NO ☐ YES

Maximum cost of this agreement not to exceed: $1,411,200.00 per three years

Notes: Annual cost $470,400.00.

Contract Terms and Conditions

Effective date: 5/12/19 Termination date: 5/12/22

Explain extension provisions, termination conditions and required notice: ____

Approvals

Contract Owner:

Department Head

Date

Purchasing:

Director of Procurement and Facilities

3/19/19
Date

Reviewed as to Budget:

Chief Financial Officer

3/18/19
Date

Recommended by the Executive Committee:

Chief Operating Officer

3/19/19
Date

Compliance Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

Chief Executive Officer

3/22/19
Date

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

KHS Board Chairman

Form updated 11/17/15

Date

Form updated 11/17/15

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Alan Avery, Chief Operating Officer

Date: April 11, 2019

Re: Optum APR-DRG Pricing Tool

Background

In July 2013, the California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital impatient services to use the National All Patient Refined Diagnosis Related Group ("APR-DRG") codes. As a result, KHS was required to reimburse non-contracted hospitals using the APR-DRG mechanism. In addition, KHS also currently contracts with some participating facilities for services that are reimbursed with the APR-DRG payment methodology.

Discussion

To accommodate the State's mandate and KHS requirements, KHS implemented pricing tools that are compatible with our claims processing systems. KHS previously purchased an external system marketed by 3M, to process the DRG claims. In 2015, as part of the Core QNXT System transition, a new product became available that dynamically priced DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG pricing software, and is now proposing a migration to the Optum solution that will provide APR-DRG real time automated processing, as well as an expanded platform to accommodate the modeling capability for provider contracts, at a cost savings.

Due to the growing volume of APR-DRG claims, we have reached the point to change vendors as the pricing model between Micro-Dyn and Optum has both a functionality improvement and cost saving opportunity. Micro-Dyn only offers a per claim rate and Optum is based on a PMPM rate. Optum integrates real time into the QNXT software thus increasing auto adjudication. Micro-Dyn does not. Management recommends purchasing the Optum APR-DRG tool to benefit from increased auto adjudication and cost savings.

Financial Impact

Not to exceed $1,923,007 over the period of five years in operating and capital expenses.

Requested Action

Approve; Authorize Chief Executive Officer to sign agreement.

APR-DRG Pricing Tool Renewal
Product Comparison
April 11, 2019

Presented by Alan Avery, COO

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Agenda

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

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Software Product Purpose

- Provider Contract Modeling Tool
  - Current QNXT system does not support APR-DRG out of the box
  - Allows staff to model various contract reimbursement models (Per Diem, DRG, Case Rate) as part of the negotiation process.
  - Provides financial impact report for contract models
  - Increases QNXT configuration flexibility
  - Reduces end-to-end setup time for new or amended provider contracts
  - Reduces the amount of time spent on manual testing

- Provider Contract Pricing Tool
  - Real Time integration with core claims processing system QNXT and NetworX
  - Increases auto adjudicated claims
  - Increases auto pricing of claims
  - Reduce annual APR-DRG maintenance
  - Provides flexibility to provider contract reimbursement types

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Why Product is Necessary

- Regulatory Requirement-KHS is required to develop APR-DRG facility payment capability to pay non-contracted providers. QNXT is not designed to administer APR-DRG payment methodologies or outlier pricing. KHS currently uses Mico-Dyn to price claims on an individual basis outside QNXT system
- KHS Corporate Goal and Objective: Create a strategy to implement Alternative Payment Methodology contracts including evaluating and implementing DRG payment options.
- KHS requires financial impact analysis on all new and amended provider contracts.
- Increase QNXT efficiency. Optum's APR DRG allows for automatic maintenance and pricing of APR-DRG facility contracts and claims.
- Due to the increase of claims volume specific to APR-DRG pricing methodology, the pricing method of per claim fee is not viable long term.

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Workgroup Review Process

- Budgeted for a system in 2019 budget
- Organized Cross functional workgroup
- Defined internal requirements
- Reviewed commercial market solutions and peer health plans
- Documented System Benefits
- Defined Scope and Timeline
- Completed Cost Analysis
- Recommendation

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System Requirements

- Real time Integration with QNXT and NetworX systems
- Expand provider contract configuration options for APR-DRG contracts along with reducing overall configuration time
- Support financial modeling and financial impact of provider APR-DRG agreements
- Increase claims auto adjudication and auto pricing
- Pricing model is conducive for long term goals

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System Functionality Evaluation

Function	Vendor 1	Vendor 2
Administer DRG Fee Schedule.	5	4
Real time integration into QNXT	5	0
Contract Setup process	5	3
Contract modeling	5	0
Improve Auto Adjudication	5	2
Maintenance	5	2
Price	5	3
Total	35	14

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5 Year Cost Analysis

Vendor Comparison	Vendor 1	Vendor 2
Software	$1,923,007	$1,801,244
Services	0	$270,000
Maintenance	0	$75,000
Pricing Model	PMPM	Per Claim
5Year Total Cost Ownership	$1,923,007	$2,146,244

Note: Vendor 2 (Mico-Dyn) is the current solution, however due to the increase of claims volume specific to APR-DRG pricing methodology, the pricing method of per claim is not viable long term.

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Board Request

- Authorize the CEO to approve the budgeted contracts associated to the Optum APR-DRG tool in the amount not to exceed **$1,923,007** in operating and capital expenses associated to implementation of the APR-DRG tool over five (5) years.

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Questions

Please contact:

Alan Avery
661-664-5005
Alan.Avery@khs-net.com

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Proposed administrative contract over $100,000, April 11, 2019

1. Operational Agreement Optum, Inc.
    a. Recommended Action

    Approve; Authorize Chief Executive Officer to Sign

    b. Contact

    Alan Avery; Chief Operating Officer

    c. Background

    The California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital impatient services in July 2013. KHS is required to reimburse non-contracted hospitals with payment using the National All Patient Refined Diagnosis Related Group (APR-DRG) codes. In addition, KHS also contracts with participating facilities for services that are reimbursed with the APR-DRG payment methodology.

    d. Discussion

    To accommodate the State's mandate and KHS requirements, KHS leverages pricing tools that have integration with QNXT to meet the needs. KHS previously purchased an external system 3M, to process the DRG claims. In 2015, as part of the Core System transition, an integrated product became available that dynamically processed DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG payment software, and are now proposing a migration to the Optum solution that will provide the like DRG product, as well as an expanded platform to accommodate the modeling capability for provider contracts, at a cost savings.

Due to the volume of APR-DRG claims, we have reached the need to shift in vendors as the pricing model between MicroDyn and Optum has a cost savings. MicroDyn offers a per claim rate and Optum offers a PMPM rate. Due to the volume of APR-DRG claims, we have reached the need to.

e. Fiscal Impact

Not to exceed $1,923,007 per five years.

f. Risk Assessment

To accommodate the State's APL mandate and KHS contracting requirements, KHS implemented pricing tools that are compatible with our claims processing systems. If KHS does not purchase the Optum APR-DRG, KHS will have to manually price over 250,000 claims annually which would equate to 10 claims examiners.

g. Attachments

An Agreement at a Glance form and bid matrix are attached.

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

This contract is pending Legal review.

☑ Contract
☐ Purchase

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: IT Department Head: Richard M. Pruitt

Contract Vendor: Optum, Inc

Vendor contact Name & e-mail: Charles D. Hart cdhart@optum.com

What services will this vendor provide to KHS? Optum, Inc., will provide KHS with an APR-DRG grouper software solution to process claims payment (DRG hospital claims) and configure Provider Relation contracts for a three year term.

Description of Contract

Type of Agreement: Software

Background: In July 2013, the California Legislature directed the Department of Health Care Services (DHCS) to change the reimbursement methodology for hospital impatient services. KHS is required to reimburse non-contracted hospitals with payment using the National All Patient Refined Diagnosis Related Group (APR-DRG) codes. To accommodate the State's mandate, KHS previously purchased an external system 3M, to process the DRG claims. In 2015, as part of the Core System transition, an integrated product became available that dynamically processed DRG claims. KHS retired the 3M license, migrated to Micro-Dyn APR-DRG payment software, and are now proposing a migration to the Optum solution that will provide the like DRG product, as well as an expanded platform to accommodate the PR contracts, at a significant cost savings.

☒ Establish a new agreement

☐ Amendment

☐ Continuation of an Existing Contract

☐ Replacement

☐ Addendum

☐ Retroactive Agreement

Retroactive Date _____

Previous Agreement No. _____ or Amendment No. _____

Date Agreement Began _____

Brief Explanation: Optum, Inc., will provide KHS with an APR-DRG grouper software solution to process claims payment (DRG hospital claims) and configure Provider Relation contracts.

Reason for delay in approval: _____

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

Brief vendor selection justification: There are only two vendors who provide this services.

☐ Sole source – no competitive process can be performed.

Brief reason for sole source: _____

Form updated 11/28/16

☐ 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 225 GL# 1663

Will this require additional funds? ☒ NO ☐ YES

Maximum cost of this agreement not to exceed: $1,923,007.00 per five years

Notes: Optum is a PMPM Pricing Model. Model is based of 255,000 members.

Contract Terms and Conditions

Effective date: 4/15/2019 Termination date: 4/15/2024

Explain extension provisions, termination conditions and required notice: ____

Approvals

Contract Owner:

Department Head

3/19/19
Date

Purchasing:

Director of Procurement and Facilities

3/19/19
Date

Reviewed as to Budget:

Robert Landis
Chief Financial Officer or Controller

3/27/19
Date

Recommended by the Executive Committee:

Chief Operating Officer

3/27/19
Date

Compliance Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Chief Executive Officer Approval:

Chief Executive Officer

3/27/19
Date

Form updated 11/28/16

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

_____
KHS Board Chairman

_____
Date

Form updated 11/28/16

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Douglas A. Hayward, CEO

Date: April 11th, 2019

Re: Provider Satisfaction Survey

Background

Annually, Kern Health Systems (KHS) conducts a retrospective Provider Satisfaction Survey to evaluate the overall performance and perception of our provider network. In 2018, an independent third party vendor conducted the survey and provided a comprehensive report that included state Medi-Caid plans benchmark results.

KHS noticed a slight decrease in provider satisfaction but when compared to our health plan counterparts, our scores were higher. Nonetheless, KHS prides itself in maintaining a great relationship with our providers therefore a plan of action has been developed to address the top three areas identified for improvement.

Emily Duran, Director of Provider Relations will present the survey results and the action plan to be undertaken to improve performance for certain satisfaction indicators.

Requested Action

Receive and File.

KERN HEALTH SYSTEMS

2018 PROVIDER SATISFACTION SURVEY RESULTS MEASUREMENT YEAR 2017

APRIL 11, 2019

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Of Kern Health Systems
1-800-391-2000
kernfamilyhealthcare.com

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Background & Timeline

- KHS conducts an annual provider satisfaction survey to evaluate the access standards defined in California Code of Regulations and in accordance with KHS policy.
- The 2018 survey measures 2017 KHS performance with network providers
- SPH Analytics (independent survey company) conducts the survey on KHS's behalf
- KHS performance is benchmarked to HMO industry performance for similar measures
- Survey was conducted over three (3) waves through Q2/Q3 2018

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2

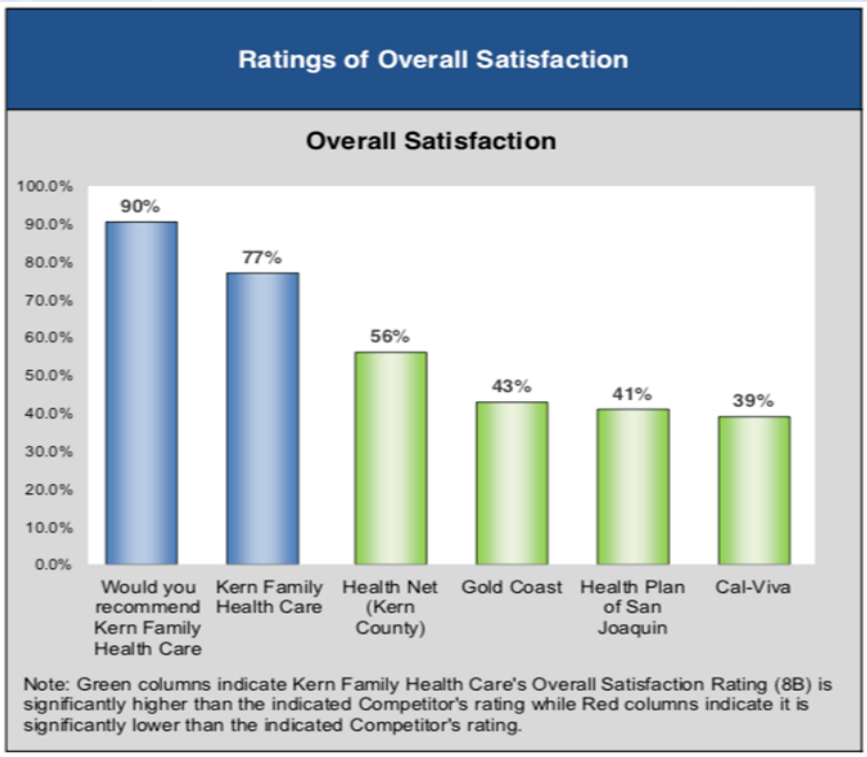
Survey Panel

- Surveys were sent to all provider types:
  - Primary Care Providers
  - Specialists
  - Behavioral Health
  - Hospitals & Urgent Care Facilities
  - Pharmacies
  - Ancillary Provider Types
- 359 Total Surveys were received
  - 364 Surveys received last year
  - Survey sample at 97% Confidence Level

Report Highlights

Composites/ Attributes	2017 Rating	2017 National Medicaid Summary Scores		90th Percentile Score
Overall Satisfaction	77.0%	68.1%	Favorable F	Below
Other Local Plans	54.4%	36.0%	F	Above
Compensation	46.8%	31.5%	F	Above
UM & Quality	45.8%	33.2%	F	Above
Network/COC	43.2%	29.0%	F	Above
Pharmacy	24.6%	23.0%	F	Below
Health Plan Call Center	56.2%	38.0%	F	Above
Provider Relations	55.6%	36.5%	F	Above
Recommend to Other MDs	90.5%	81.3%	F	Below

Health Plan Comparison



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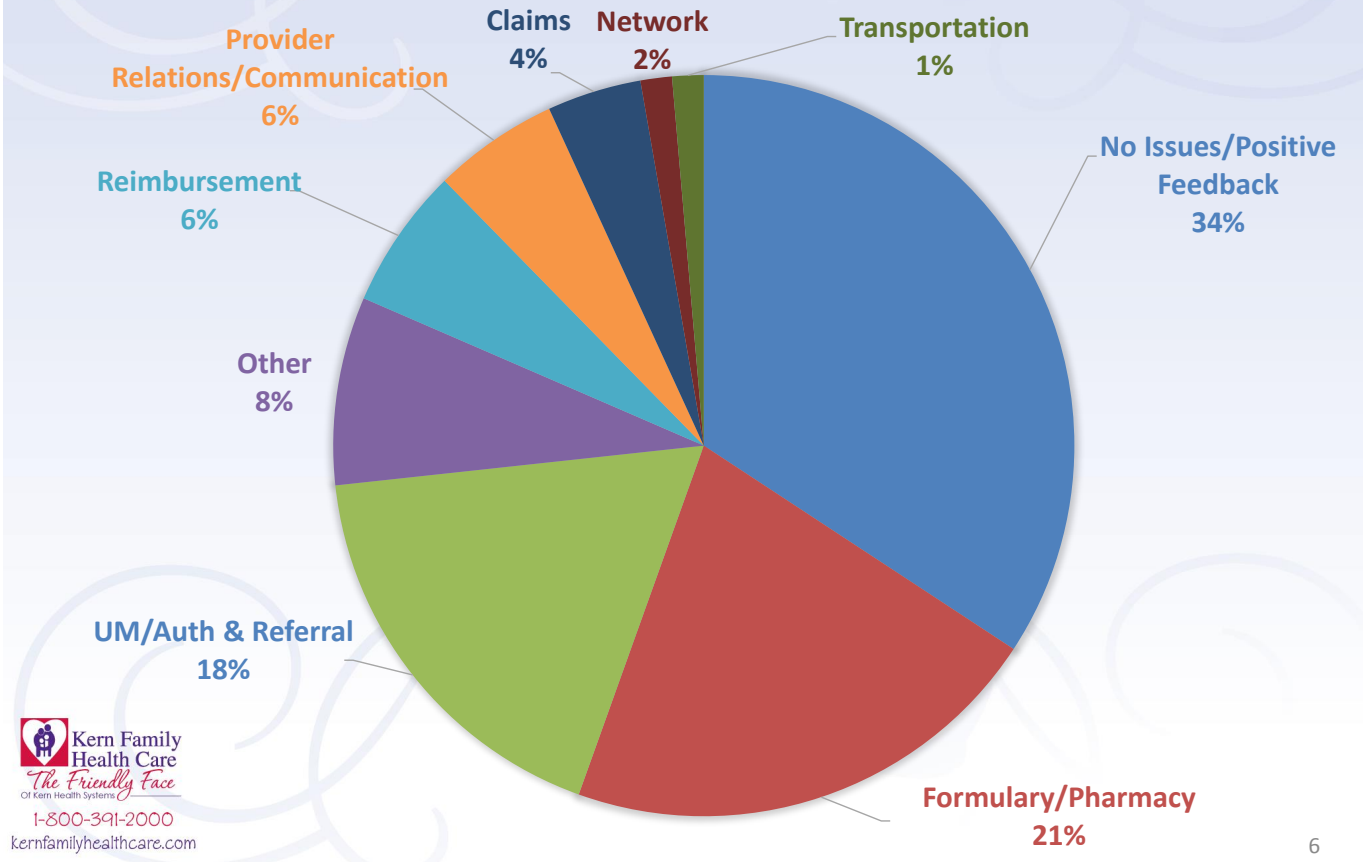
What Can KHS Do To Improve



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Pharmacy

KHS identified Pharmacy as receiving lowest provider satisfaction score in 21% mentioned Formulary/Pharmacy as a potential area of improvement

During Survey Period:

- Utilization edits that resulted in increased denials
- Increased adherence to evidence-based professional guideline criteria

How We Can Improve:

- Continue to Engage Local Physicians (Specialist) in Annual Formulary Review
- Ensure Formulary supports contemporary drug treatment regiments

UM/Quality

KHS identified UM/Quality as one of the components with the largest decrease in provider satisfaction:

- 18% mentioned UM/Authorizations & Referrals as a potential area of improvement

During Survey Period:

- Significant changes to Prior Authorization List.
- Authorization System (JIVA) Implementation and Training.

How We Can Improve:

- Stability and limiting the updating of the PA list.
- Promote increased utilization of Provider Portal for real time updates/communication.
- Eliminate requiring prior authorization for physicians using referrals judiciously.
- Restructure compensation arrangements to reward physicians practicing cost effective care.

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Financial Issues

KHS identified financial issues as one of the components with the largest decrease in provider satisfaction

- A combined 10% mentioned Reimbursement and Claims as potential area of improvement

During Survey Period:

- Implemented Claims Editing Software, which increased denials

How We Can Improve:

- Increase efficiencies in the claims and referral submission processes to lower provider overhead costs
- Increase communication with provider network on system issues that can potentially decrease revenue and cash-flow
- Increase compensation upside through supplemental reimbursement programs (Prop 56, P4P, VBP)

Next Steps

- KHS is already working with the third party vendor (SPH Analytics) to conduct the 2019 Provider Satisfaction Survey
- Providers asked to answer survey questions based on satisfaction with KHS during 2018
- KHS and SPH aiming for survey start date of April 2019
- Working with KHS Departments to finalize action plan

Questions

For additional information, please contact:

Emily Duran

Director of Provider Relations

(661) 664-5000

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To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: April 11, 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 Q1 2019 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 1st quarter 2019. Several items in the Strategic Plan are conducted annually. For these items, the dates have been updated to reflect 2019 timelines.

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.

KERN HEALTH SYSTEMS

Q1 2019 Strategic Plan Update

April 11, 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 Q1 2019 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

KERN HEALTH SYSTEMS

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 consideration.	1/1/2018	3/31/2018	100.00%	
Custom design payment strategies unique to specific care delivery systems	4/1/2018	7/1/2019	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	7/1/2019	85.00%	
Develop provider specific proposals for 2018 priorities	1/1/2018	7/1/2019	80.00%	
For 2018 priorities Initiate provider contract revisions to change or enhance compensation	4/1/2018	7/1/2019	80.00%	
For 2018 priorities, begin monitoring to determine if targeted outcomes are achieved	1/1/2019	7/1/2019	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	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 new technologies.				**Deborah Murr**
Reorganize UM, DM, CM Depts. to more effectively implement and monitor the Triple Aim	1/1/2018	3/31/2018	100.00%	
Revise the Prior Authorization list to ensure appropriate care for treatment requested	1/1/2018	3/31/2018	100.00%	
Augment referral network using telehealth alternatives	1/1/2018	5/31/2018	100.00%	
Identify vendor platforms for Medical Necessity Determination	1/1/2018	6/30/2018	100.00%	
Incorporate risk stratification methodology to identify future risk populations for early intervention to prevent or stabilize medical condition(s) and reduce cost through early intervention.	1/1/2018	7/31/2018	100.00%	

KERN HEALTH SYSTEMS

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				
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, and Social Determinants	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	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%	

KERN HEALTH SYSTEMS

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 of changes to benefits or population coverage categories, or monitoring and reporting requirements on KHS and provider network	1/1/2018	12/31/2020	70.00%	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	80.00%	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	95.00%	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	60.00%	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	70.00%	Jeremy McGuire
COBA	1/1/2018	2/28/2019	100.00%	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

KERN HEALTH SYSTEMS

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 optimum health.	1/1/2018	3/29/2019	100.00%	Martha Tasinga Deborah Murr
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 what works and health outcomes	9/3/2018	6/28/2019	75.00%	Deborah Murr Martha Tasinga
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

KERN HEALTH SYSTEMS

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	6/3/2019	12/12/2019	0.00%	Robert Landis
Annually develop capital budget to support new programs, member growth and benefits	8/1/2019	10/11/2019	0.00%	Robert Landis
Determine Capital Budget And Estimated Depreciation Expense	8/30/2019	9/27/2019	0.00%	
Prepare 2019 Capital Budget	8/30/2019	10/11/2019	0.00%	
Executive Review And Discussion - Executives to Review Capital Budget	10/1/2019	10/11/2019	0.00%	
Draft Capital Presented To Finance Committee	10/14/2019	11/8/2019	0.00%	
Final Capital Presented To Finance Committee - To Schedule For December	11/1/2019	12/6/2019	0.00%	
Final Capital Presented To KHS Board For Approval - To Present December	12/6/2019	12/12/2019	0.00%	
Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth	1/1/2019	12/31/2019	25.00%	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.	1/1/2019	12/31/2019	25.00%	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	1/1/2019	12/31/2019	40.00%	
Monitor On-Going Construction	1/1/2019	12/31/2019	40.00%	
Monitor Construction Budget	1/1/2019	12/31/2019	20.00%	
Compliance Oversight GC	1/1/2019	12/31/2019	40.00%	
Coordinate Move	9/30/2018	6/30/2019	30.00%	
Occupancy	7/1/2019	8/31/2019	0.00%	

KERN HEALTH SYSTEMS

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, 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				**Deborah Murr**
Review utilization and cost trends by aid category and medical service category over the past 12 months. Internal Reallocation of resources to address inefficiency or duplication of services in the Provider Network.	1/1/2018	12/31/2020	45.00%	
Review applicable changes in treatment modalities or best practices impacting respective medical service categories.	1/1/2018	12/31/2020	45.00%	
Identify potential medical service areas for impact and determine intervention strategies(s) required to achieve desired results	1/1/2018	12/31/2020	45.00%	
Develop reporting and monitoring system	1/1/2018	12/31/2020	45.00%	

KERN HEALTH SYSTEMS

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	75.00%	
Include prospects in annual project planning	1/1/2018	12/31/2020	45.00%	
Develop project budgets along with ROI and/or cost-benefit analysis	1/1/2018	12/31/2020	45.00%	
Continuously monitor and control for operational effectiveness	1/1/2018	12/31/2020	45.00%	
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 (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 KHS can implement with providers 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	1/1/2019	12/31/2019	15.00%	
Perform cost analysis of efficiencies or improvement opportunity	1/1/2019	12/31/2019	15.00%	
Establish projects into annual project and budget planning	1/1/2019	12/31/2019	15.00%	
Align these initiatives with annual departmental goals and objectives	1/1/2019	12/31/2019	15.00%	
Continuously monitor and control for operational effectiveness	1/1/2019	12/31/2019	25.00%	
Create and execute project plans	1/1/2019	12/31/2019	25.00%	

KERN HEALTH SYSTEMS

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				
Create a KHS Business Intelligence Department with clearly defined roles and responsibilities.				**Richard Pruitt**
Identify personnel from multiple departments that are capable of contributing to BI	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/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 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%	

KERN HEALTH SYSTEMS

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				
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	1/1/2019	12/31/2019	60.00%	Jeremy McGuire
Verify and Validate Return on Investment (ROI) Calculation prior to Execution	1/1/2019	12/31/2019	20.00%	
Identify and create 2019 Project metrics	1/1/2019	12/31/2019	20.00%	
Measure Factors that are critical to the success of each Project	1/1/2019	12/31/2019	20.00%	

KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 11, 2019

Re: December 2018 Financial Results

The December results reflect a $5,476,031 Net Increase in Net Position which is a $5,707,179 favorable variance to the budget. Listed below are the major variances for the month:

1) Total Revenues reflect a $16.0 million favorable variance primarily due to:

   A) $8.7 million favorable variance relating to Family and Other primarily due to higher than expected BHT Revenue ($.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis ($8.4 million) and offset against amounts included in item 2C below.

   B) $4.2 million favorable variance relating to Expansion primarily due to a higher than expected budgeted rate increase from the State ($1.4 million), lower than expected enrollment ($.1 million), lower than expected HEP-C revenue ($.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis ($3.3 million) and offset against amounts included in item 2C below.

   C) $2.2 million favorable variance relating to SPD primarily due to a higher than expected budgeted rate increase from the State ($.3 million) and higher than expected enrollment ($.5 million), lower than expected HEP-C revenue ($.2 million), higher than expected BHT Revenue ($.3 million) and accounting for unbudgeted 18/19 Proposition 56 revenue on at risk basis ($1.2 million) and offset against amounts included in item 2C below.

   D) $.7 million favorable variance relating to Other Income (Expense) primarily due to marking the investment portfolio to market.

2) Total Medical Costs reflect a $10.1 million unfavorable variance primarily due to:

   A) 1.4 million favorable variance in Physician Services primarily due to lower than expected utilization over the last several months of Referral Specialty Services.

   B) $10.7 million favorable variance in Inpatient primarily due to better than expected utilization over the last several months and partially offset against amounts included item 2D below.

C) $12.6 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted 18/19 Proposition 56 expenses on at-risk-basis offset against revenue included under items 1A-1C above.

D) $10.5 million unfavorable variance in Expansion Risk Corridor 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 periods January 2018 – June 2018 and July 2018 –December 2018.

The December Medical Loss Ratio is 86.4% which is favorable to the 93.6% budgeted amount. The December Administrative Expense Ratio is 5.1% which is favorable to the 6.2% budgeted amount.

The results for the 12 months ended December 31, 2018 reflects a Net Increase in Net Position of $11,089,149. This is a $14,900,105 favorable variance to budget and includes approximately $.3 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 93.1% which is 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
December 2018

KHS – Medi-Cal Line of Business

KHS Group Health Plan – Healthy Families Line of Business

KHS Administrative Analysis and Other Reporting

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018

ASSETS	DECEMBER 2018	NOVEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 90,795,197	$ 94,533,988	$ (3,738,791)
Short-Term Investments	140,111,838	115,415,478	24,696,360
Premiums Receivable - Net	93,261,229	78,291,249	14,969,980
Interest Receivable	362,171	485,888	(123,717)
Other Receivables	1,161,371	1,229,575	(68,204)
Prepaid Expenses & Other Current Assets	1,691,861	1,185,381	506,480
Total Current Assets	$ 327,383,667	$ 291,141,559	$ 36,242,108
RESTRICTED ASSETS	$ 300,000	$ 300,000	$ -
CAPITAL ASSETS - NET OF ACCUM DEPRE:			
Land	4,876,562	4,876,562	-
Furniture and Equipment - Net	10,092,280	6,352,110	3,740,170
Automobiles - Net	35,510	13,490	22,020
Building and Building Improvements - Net	6,323,699	6,351,554	(27,855)
Building Project in Progress	20,062,918	15,718,049	4,344,869
Capital Projects in Progress	14,546,259	15,275,657	(729,398)
Total Capital Assets	$ 55,937,228	$ 48,587,422	$ 7,349,806
LONG TERM ASSETS:			
Officer Life Insurance Receivables	704,750	684,615	20,135
Total Long Term Assets	$ 704,750	$ 684,615	$ 20,135
DEFERRED OUTFLOWS OF RESOURCES	$ 2,657,573	$ 2,890,063	$ (232,490)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 386,983,218	$ 343,603,659	$ 43,379,559
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	$ 34,243	$ 42,848	(8,605)
Accrued Salaries and Employee Benefits	2,071,250	2,589,744	(518,494)
Accrued Other Operating Expenses	6,671,711	1,077,675	5,594,036
Accrued Taxes and Licenses	24,211,743	16,124,056	8,087,687
Claims Payable (Reported)	30,632,670	15,686,962	14,945,708
IBNR - Inpatient Claims	24,839,132	37,424,803	(12,585,671)
IBNR - Physician Claims	15,602,713	14,362,801	1,239,912
IBNR - Accrued Other Medical	19,428,278	22,310,643	(2,882,365)
Risk Pool and Withholds Payable	1,876,553	2,304,111	(427,558)
Statutory Allowance for Claims Processing Expense	2,326,151	2,324,857	1,294
Other Liabilities	51,428,037	27,120,975	24,307,062
Total Current Liabilities	$ 179,122,481	$ 141,369,475	$ 37,753,006
NONCURRENT LIABILITIES:			
Net Pension Liability	5,865,463	5,808,296	57,167
TOTAL NONCURRENT LIABILITIES	$ 5,865,463	$ 5,808,296	$ 57,167
DEFERRED INFLOWS OF RESOURCES	$ 364,304	$ 270,949	$ 93,355
NET POSITION:			
Net Position - Beg. of Year	190,541,821	190,541,821	-
Increase (Decrease) in Net Position - Current Year	11,089,149	5,613,118	5,476,031
Total Net Position	$ 201,630,970	$ 196,154,939	$ 5,476,031
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 386,983,218	$ 343,603,659	$ 43,379,559

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2018	YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
164,742	167,700	(2,958)	Family Members	1,991,546	1,986,000	5,546
59,229	59,200	29	Expansion Members	710,214	700,500	9,714
14,439	14,050	389	SPD Members	174,039	168,600	5,439
6,273	5,300	973	Other Members	72,630	61,950	10,680
8,286	8,075	211	Kaiser Members	99,006	95,250	3,756
252,969	254,325	(1,356)	Total Members - MCAL	3,047,435	3,012,300	35,135
			REVENUES			
30,919,748	22,173,983	8,745,765	Title XIX - Medicaid - Family and Other	275,296,166	258,421,624	16,874,542
24,465,934	20,235,081	4,230,853	Title XIX - Medicaid - Expansion Members	258,357,216	242,855,283	15,501,933
13,341,766	11,164,810	2,176,956	Title XIX - Medicaid - SPD Members	139,440,175	132,128,258	7,311,918
7,658,846	7,749,782	(90,936)	Premium - MCO Tax	94,833,087	91,803,048	3,030,039
369,891	274,993	94,898	Interest /Dividends	4,497,477	3,257,536	1,239,941
267,973	115,738	152,236	Reinsurance Recoveries	267,973	1,371,014	(1,103,041)
59,980	-	59,980	COB/Subrogation Collections	17,609,378	-	17,609,378
(5,850)	-	(5,850)	Rate/Income Adjustments	23,711,840	-	23,711,840
669,097	-	669,097	Other Income (Expense)	482,033	-	482,033
77,747,385	61,714,385	16,033,000	TOTAL REVENUES	814,495,346	729,836,763	84,658,584
			EXPENSES			
			Medical Costs:			
11,452,439	12,893,177	1,440,738	Physician Services	159,962,318	152,909,145	(7,053,173)
3,375,679	2,840,146	(535,533)	Other Professional Services	38,515,491	33,775,238	(4,740,253)
3,601,196	4,203,001	601,805	Emergency Room	54,180,170	49,826,017	(4,354,153)
2,692,667	13,442,497	10,749,830	Inpatient	149,867,260	159,636,382	9,769,122
115,395	115,738	343	Reinsurance Expense	1,384,297	1,371,014	(13,284)
4,278,893	4,860,709	581,816	Outpatient Hospital	66,206,473	57,713,291	(8,493,182)
15,028,871	2,429,263	(12,599,608)	Other Medical	52,753,966	28,917,968	(23,835,997)
8,615,541	9,219,476	603,935	Pharmacy	107,996,051	109,560,958	1,564,907
444,467	492,500	48,033	Pay for Performance Quality Incentive	5,851,959	5,834,100	(17,859)
10,500,000	-	(10,500,000)	Expansion Risk Corridor	10,500,000	-	(10,500,000)
-	-	-	Non-Claims Expense Adjustment	20,638,587	-	(20,638,587)
457,351	-	(457,351)	IBNR, Incentive, Paid Claims Adjustment	2,340,531	-	(2,340,531)
60,562,499	50,496,506	(10,065,993)	Total Medical Costs	670,197,102	599,544,113	(70,652,989)
17,184,886	11,217,879	5,967,007	GROSS MARGIN	144,298,244	130,292,649	14,005,594
			Administrative:			
1,990,200	1,976,098	(14,103)	Compensation	23,706,443	23,808,542	102,099
628,945	610,202	(18,743)	Purchased Services	7,004,509	7,362,133	357,624
104,230	101,348	(2,882)	Supplies	691,654	1,215,512	523,858
131,127	376,184	245,057	Depreciation	1,530,725	2,316,563	785,838
303,506	302,079	(1,427)	Other Administrative Expenses	3,308,810	3,597,806	288,996
383,013	-	(383,013)	Administrative Expense Adjustment	383,013	-	(383,013)
3,541,021	3,365,911	(175,110)	Total Administrative Expenses	36,625,154	38,300,557	1,675,403
64,103,520	53,862,418	(10,241,102)	TOTAL EXPENSES	706,822,256	637,844,670	(68,977,586)
13,643,865	7,851,968	5,791,897	OPERATING INCOME (LOSS) BEFORE TAX	107,673,090	91,992,092	15,680,998
8,087,687	7,749,782	(337,905)	MCO TAX	94,216,985	91,803,048	(2,413,937)
5,556,178	102,186	5,453,992	OPERATING INCOME (LOSS) NET OF TAX	13,456,105	189,044	13,267,061
			NONOPERATING REVENUE (EXPENSES)			
-	-	-	Reserve Fund Projects/Community Grants	-	-	-
(80,147)	(333,334)	253,187	Health Home	(2,366,956)	(4,000,000)	1,633,044
(80,147)	(333,334)	253,187	TOTAL NONOPERATING REVENUES (EXPENSES)	(2,366,956)	(4,000,000)	1,633,044
5,476,031	(231,148)	5,707,179	NET INCREASE (DECREASE) IN NET POSITION	11,089,149	(3,810,956)	14,900,105
86.4%	93.6%	7.2%	MEDICAL LOSS RATIO	93.1%	94.0%	0.8%
5.1%	6.2%	1.2%	ADMINISTRATIVE EXPENSE RATIO	5.1%	6.0%	0.9%

KHS3/27/2019
Management Use Only

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
164,742	167,700	(2,958)	Family Members	1,991,546	1,986,000	5,546
59,229	59,200	29	Expansion Members	710,214	700,500	9,714
14,439	14,050	389	SPD Members	174,039	168,600	5,439
6,273	5,300	973	Other Members	72,630	61,950	10,680
8,286	8,075	211	Kaiser Members	99,006	95,250	3,756
252,969	254,325	(1,356)	Total Members - MCAL	3,047,435	3,012,300	35,135
			REVENUES			
180.80	128.17	52.63	Title XIX - Medicaid - Family and Other	133.37	126.19	7.18
413.07	341.81	71.26	Title XIX - Medicaid - Expansion Members	363.77	346.69	17.09
924.01	794.65	129.36	Title XIX - Medicaid - SPD Members	801.20	783.68	17.52
31.30	31.47	(0.17)	Premium - MCO Tax	32.16	31.47	0.69
1.51	1.12	0.39	Interest /Dividends	1.53	1.12	0.41
1.10	0.47	0.63	Reinsurance Recoveries	0.09	0.47	(0.38)
0.25	0.00	0.25	COB/Subrogation Collections	5.97	0.00	5.97
(0.02)	0.00	(0.02)	Rate/Income Adjustments	8.04	0.00	8.04
2.73	0.00	2.73	Other Income (Expense)	0.16	0.00	0.16
317.75	250.62	67.13	TOTAL REVENUES	276.25	250.20	26.05
			EXPENSES			
			Medical Costs:			
46.81	52.36	5.55	Physician Services	54.25	52.42	(1.83)
13.80	11.53	(2.26)	Other Professional Services	13.06	11.58	(1.48)
14.72	17.07	2.35	Emergency Room	18.38	17.08	(1.29)
11.00	54.59	43.58	Inpatient	50.83	54.73	3.90
0.47	0.47	(0.00)	Reinsurance Expense	0.47	0.47	0.00
17.49	19.74	2.25	Outpatient Hospital	22.45	19.78	(2.67)
61.42	9.87	(51.56)	Other Medical	17.89	9.91	(7.98)
35.21	37.44	2.23	Pharmacy	36.63	37.56	0.93
1.82	2.00	0.18	Pay for Performance Quality Incentive	1.98	2.00	0.02
42.91	0.00	(42.91)	Expansion Risk Corridor	3.56	0.00	(3.56)
0.00	0.00	0.00	Non-Claims Expense Adjustment	7.00	0.00	(7.00)
1.87	0.00	(1.87)	IBNR, Incentive, Paid Claims Adjustment	0.79	0.00	(0.79)
247.51	205.06	(42.45)	Total Medical Costs	227.31	205.53	(21.78)
70.23	45.55	24.68	GROSS MARGIN	48.94	44.67	4.27
			Administrative:			
8.13	8.02	(0.11)	Compensation	8.04	8.16	0.12
2.57	2.48	(0.09)	Purchased Services	2.38	2.52	0.15
0.43	0.41	(0.01)	Supplies	0.23	0.42	0.18
0.54	1.53	0.99	Depreciation	0.52	0.79	0.27
1.24	1.23	(0.01)	Other Administrative Expenses	1.12	1.23	0.11
1.57	0.00	(1.57)	Administrative Expense Adjustment	0.13	0.00	(0.13)
14.47	13.67	(0.80)	Total Administrative Expenses	12.42	13.13	0.71
261.99	218.73	(43.26)	TOTAL EXPENSES	239.73	218.66	(21.07)
55.76	31.89	23.88	OPERATING INCOME (LOSS) BEFORE TAX	36.52	31.54	4.98
33.05	31.47	(1.58)	MCO TAX	31.95	31.47	(0.48)
22.71	0.41	22.29	OPERATING INCOME (LOSS) NET OF TAX	4.56	0.06	4.50
			NONOPERATING REVENUE (EXPENSES)			
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00
0.32	(1.35)	(1.67)	Health Home	0.78	(16.24)	(17.02)
0.32	(1.35)	(1.67)	TOTAL NONOPERATING REVENUES (EXPENSES)	0.78	(16.24)	(17.02)
22.38	(0.94)	23.32	NET INCREASE (DECREASE) IN NET POSITION	3.76	(1.31)	5.07
86.4%	93.6%	7.2%	MEDICAL LOSS RATIO	93.1%	94.0%	0.8%
5.1%	6.2%	1.2%	ADMINISTRATIVE EXPENSE RATIO	5.1%	6.0%	0.9%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2018	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	13 MONTH TOTAL
ENROLLMENT														
Members - MCAL	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	3,189,996
REVENUES														
Title XIX - Medicaid - Family and Other	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	30,919,748	296,206,975
Title XIX - Medicaid - Expansion Members	20,131,172	20,478,437	20,367,468	20,638,072	20,813,430	21,917,368	21,204,090	21,752,232	22,282,962	21,704,606	21,501,088	21,231,529	24,465,934	278,488,388
Title XIX - Medicaid - SPD Members	11,017,790	10,334,550	10,530,984	10,764,253	10,871,613	11,583,059	11,083,761	11,910,574	12,352,541	11,987,574	12,128,124	12,551,376	13,341,766	150,457,965
Premium - MCO Tax	7,651,559	7,720,467	7,638,903	7,815,000	7,859,452	7,883,583	7,817,901	8,087,918	8,087,606	8,087,918	8,087,777	8,087,716	7,658,846	102,484,646
Interest /Dividends	320,014	489,128	312,296	330,992	509,405	392,144	493,098	298,592	326,444	328,291	331,150	316,046	369,891	4,817,491
Reinsurance Recoveries	217,296	-	-	-	-	-	139,352	-	-	-	-	(139,352)	267,973	485,269
COB/Subrogation Collections	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	59,980	20,068,263
Rate/Income Adjustments	52,721	1,511,501	319,159	1,095,189	457,845	21,528,562	(1,680,199)	(113,750)	129,606	5,175	212,890	251,712	(5,850)	23,764,561
Other Income (Expense)	(708,938)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	345,348	58,667	15,476	136,661	142,515	45,043	669,097	(226,905)
TOTAL REVENUES	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	77,747,385	876,546,655
EXPENSES														
Medical Costs:														
Physician Services	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	11,452,439	173,321,139
Other Professional Services	2,810,522	2,973,811	2,788,474	2,996,590	2,911,566	3,414,591	3,111,320	2,964,061	3,254,300	3,251,122	3,323,654	4,150,323	3,375,679	41,326,013
Emergency Room	3,888,819	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,563,430	4,531,949	4,490,225	4,169,595	3,601,196	58,068,989
Inpatient	14,316,486	13,588,711	13,055,324	16,973,565	14,300,202	13,932,093	13,267,422	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	2,692,667	164,183,746
Reinsurance Expense	105,351	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	116,072	115,275	115,395	1,489,648
Outpatient Hospital	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	4,278,893	71,664,014
Other Medical	2,482,691	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	3,282,963	3,057,129	4,241,840	3,605,940	3,863,995	4,451,124	15,028,871	55,236,656
Pharmacy	8,546,330	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	8,567,706	8,848,741	9,437,755	8,667,417	9,382,074	8,798,273	8,615,541	116,542,381
Pay for Performance Quality Incentive	567,682	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	490,532	491,044	444,467	6,419,641
Expansion Risk Corridor	-	-	-	-	-	-	-	-	-	-	-	-	10,500,000	10,500,000
Non-Claims Expense Adjustment	-	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	(535)	-	20,638,587
IBNR, Incentive, Paid Claims Adjustment	(105,403)	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,197,835)	342,052	1,872,269	566,662	1,438,167	4,196,430	457,351	2,235,128
Total Medical Costs	51,428,840	49,826,819	48,751,703	58,733,294	53,700,500	76,700,850	51,354,704	53,194,977	56,289,183	53,362,649	53,549,587	54,170,337	60,562,499	721,625,942
GROSS MARGIN	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	17,184,886	154,920,712
Administrative:														
Compensation	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	1,990,200	25,753,694
Purchased Services	659,696	519,892	545,740	804,716	642,623	636,968	578,949	415,147	594,201	555,317	465,811	616,200	628,945	7,664,205
Supplies	(329,638)	104,203	27,993	(9,431)	72,492	71,465	68,507	57,005	61,411	30,539	67,086	36,154	104,230	362,016
Depreciation	127,464	128,722	127,578	127,464	130,267	122,140	127,238	127,238	127,237	127,238	127,238	127,238	131,127	1,658,189
Other Administrative Expenses	688,273	210,466	225,000	339,883	284,983	279,546	275,729	332,386	255,200	315,104	265,994	221,013	303,506	3,997,083
Administrative Expense Adjustment	2,042,235	-	-	-	-	-	-	-	-	-	-	-	383,013	2,425,248
Total Administrative Expenses	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	3,087,235	3,025,912	3,541,021	41,860,435
TOTAL EXPENSES	56,664,120	52,773,833	51,535,473	62,072,571	56,518,488	79,727,921	54,289,995	56,143,972	59,410,922	56,412,490	56,636,822	57,196,249	64,103,520	763,486,377
OPERATING INCOME (LOSS) BEFORE TAX	5,387,188	7,723,765	7,761,826	9,657,832	8,022,585	7,815,018	7,973,857	9,134,563	8,968,744	9,118,375	9,092,971	8,759,689	13,643,865	113,060,278
MCO TAX	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	8,087,687	101,869,156
OPERATING INCOME (LOSS) NET OF TAX	(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	5,556,178	11,191,122
TOTAL NONOPERATING REVENUE (EXPENSES)	(625,436)	(18,785)	(140,027)	(615,733)	(138,970)	43,857	(233,737)	(158,805)	(191,701)	(567,923)	(41,390)	(223,595)	(80,147)	(2,992,392)
NET INCREASE (DECREASE) IN NET POSITION	(2,890,419)	54,726	111,050	1,392,076	233,361	208,621	161,292	887,840	689,436	462,534	963,804	448,378	5,476,031	8,198,730
MEDICAL LOSS RATIO	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.2%
ADMINISTRATIVE EXPENSE RATIO	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.4%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2018	DECEMBER 2017	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	13 MONTH TOTAL
ENROLLMENT														
Members - MCAL	241,567	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	3,189,996
REVENUES														
Title XIX - Medicaid - Family and Other	123.23	116.91	118.93	123.47	121.12	133.71	126.38	131.77	143.39	133.25	134.04	136.65	180.80	132.60
Title XIX - Medicaid - Expansion Members	349.73	354.64	347.78	351.14	348.64	370.03	353.55	362.19	373.39	366.14	363.20	361.19	413.07	362.72
Title XIX - Medicaid - SPD Members	769.40	730.41	735.40	755.17	765.50	760.84	759.68	814.12	848.74	829.82	838.04	850.42	924.01	798.78
Premium - MCO Tax	31.67	31.95	31.33	31.91	31.90	31.91	31.61	32.63	32.75	32.75	32.98	32.94	31.30	32.13
Interest /Dividends	1.32	2.02	1.28	1.35	2.07	1.59	1.99	1.20	1.32	1.33	1.35	1.29	1.51	1.51
Reinsurance Recoveries	0.90	0.00	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00	(0.57)	1.10	0.15
COB/Subrogation Collections	10.18	0.00	0.00	41.83	14.22	5.09	4.16	1.88	1.69	0.80	1.33	0.45	0.25	6.29
Rate/Income Adjustments	0.22	6.25	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.87	1.03	(0.02)	7.45
Other Income (Expense)	(2.93)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	1.40	0.24	0.06	0.55	0.58	0.18	2.73	(0.07)
TOTAL REVENUES	256.87	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	268.64	317.75	274.78
EXPENSES														
Medical Costs:														
Physician Services	55.30	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	46.81	54.33
Other Professional Services	11.63	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	13.80	12.95
Emergency Room	16.10	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.20
Inpatient	59.27	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	51.47
Reinsurance Expense	0.44	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Outpatient Hospital	22.59	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.47
Other Medical	10.28	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	61.42	17.32
Pharmacy	35.38	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	35.21	36.53
Pay for Performance Quality Incentive	2.35	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.82	2.01
Expansion Risk Corridor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.91	3.29
Non-Claims Expense Adjustment	0.00	0.00	0.00	0.00	0.00	84.76	(0.05)	0.00	(1.21)	0.03	0.01	(0.00)	0.00	6.47
IBNR, Incentive, Paid Claims Adjustment	(0.44)	(9.68)	(0.33)	0.07	(4.12)	(7.76)	(4.84)	1.38	7.58	2.29	5.86	17.09	1.87	0.70
Total Medical Costs	212.90	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	247.51	226.22
GROSS MARGIN	43.97	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.27	49.66	48.00	70.23	48.56
Administrative:														
Compensation	8.47	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.25	8.13	8.07
Purchased Services	2.73	2.15	2.24	3.29	2.61	2.58	2.34	1.67	2.41	2.25	1.90	2.51	2.57	2.40
Supplies	(1.36)	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.15	0.43	0.11
Depreciation	0.53	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.52	0.54	0.52
Other Administrative Expenses	2.85	0.87	0.92	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	0.90	1.24	1.25
Administrative Expense Adjustment	8.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.57	0.76
Total Administrative Expenses	21.67	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.59	12.32	14.47	13.12
TOTAL EXPENSES	234.57	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	228.43	230.92	232.96	261.99	239.34
OPERATING INCOME (LOSS) BEFORE TAX	22.30	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.32	36.92	37.07	35.68	55.76	35.44
MCO TAX	31.68	31.65	30.81	31.23	31.05	30.96	30.64	32.63	32.75	32.75	32.98	32.94	33.05	31.93
OPERATING INCOME (LOSS) NET OF TAX	(9.38)	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.17	4.10	2.74	22.71	3.51
TOTAL NONOPERATING REVENUE (EXPENSES)	(2.59)	(0.08)	(0.57)	(2.51)	(0.56)	0.18	(0.95)	(0.64)	(0.78)	(2.30)	(0.17)	(0.91)	(0.33)	(0.94)
NET INCREASE (DECREASE) IN NET POSITION	(11.97)	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.87	3.93	1.83	22.38	2.57
MEDICAL LOSS RATIO	94.5%	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.2%
ADMINISTRATIVE EXPENSE RATIO	9.6%	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.4%

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF REVENUES - ALL COA
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			REVENUES			
			Title XIX - Medicaid - Family & Other			
19,695,161	19,556,204	138,957	Premium - Medi-Cal	230,837,560	228,218,516	2,619,044
2,336,417	2,211,218	125,199	Premium - Maternity Kick	26,475,150	25,404,942	1,070,208
45,419	179,042	(133,623)	Premium - Hep C Kick	753,390	2,119,478	(1,366,088)
401,605	136,413	265,192	Premium - BHT Kick	2,808,699	1,614,833	1,193,866
8,354,510	-	8,354,510	Premium - Provider Enhancement	13,365,374	-	13,365,374
86,636	91,062	(4,426)	Other	1,055,993	1,063,856	(7,863)
30,919,748	22,173,938	8,745,810	Total Title XIX - Medicaid - Family & Other	275,296,166	258,421,624	16,874,542
			Title XIX - Medicaid - Expansion Members			
20,682,869	19,392,561	1,290,308	Premium - Medi-Cal	244,782,903	232,942,518	11,840,385
337,254	427,591	(90,337)	Premium - Maternity Kick	2,973,861	4,997,578	(2,023,717)
89,574	384,777	(295,203)	Premium - Hep C Kick	4,213,268	4,552,977	(339,709)
3,329,997	-	3,329,997	Premium - Provider Enhancement	6,036,521	-	6,036,521
26,240	30,152	(3,912)	Other	350,663	362,210	(11,547)
24,465,934	20,235,081	4,230,853	Total Title XIX - Medicaid - Expansion Members	258,357,216	242,855,283	15,501,933
			Title XIX - Medicaid - SPD Members			
11,391,832	10,583,008	808,824	Premium - Medi-Cal	130,468,216	125,146,636	5,321,580
152,590	320,007	(167,417)	Premium - Hep C Kick	2,338,220	3,840,084	(1,501,864)
581,447	261,795	319,652	Premium - BHT Kick	4,288,482	3,141,539	1,146,943
1,215,897	-	1,215,897	Premium - Provider Enhancement	2,345,257	-	2,345,257
13,341,766	11,164,810	2,176,956	Total Title XIX - Medicaid - SPD Members	139,440,175	132,128,258	7,311,917

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
2,963,083	2,828,374	(134,709)	Primary Care Physician Services	34,082,794	33,512,088	(570,706)
7,321,946	8,937,958	1,616,012	Referral Specialty Services	109,374,524	106,047,084	(3,327,440)
1,158,110	1,117,544	(40,566)	Urgent Care & After Hours Advise	16,395,500	13,240,473	(3,155,027)
9,300	9,300	-	Hospital Admitting Team	109,500	109,500	-
11,452,439	12,893,177	1,440,738	**TOTAL PHYSICIAN SERVICES**	159,962,318	152,909,145	(7,053,173)
			OTHER PROFESSIONAL SERVICES			
245,522	253,241	7,719	Vision Service Capitation	2,945,313	3,000,059	54,746
281,589	175,171	(106,418)	221 - Business Intelligence	1,842,537	2,102,056	259,519
642,307	683,713	41,406	310 - Health Services - Utilization Management - UM Allocation *	7,969,126	8,115,421	146,295
62,510	89,148	26,638	311 - Health Services - Quality Improvement - UM Allocation *	965,788	1,069,764	103,976
98,006	89,883	(8,123)	312 - Health Services - Education - UM Allocation *	980,643	1,052,616	71,973
79,185	79,191	6	313 - Health Services - Pharmacy - UM Allocation *	911,595	950,291	38,696
65,649	50,527	(15,122)	314 - Health Homes - UM Allocation *	599,047	606,324	7,277
41,668	55,701	14,033	616 - Disease Management - UM Allocation *	527,740	668,406	140,666
334,188	440,837	106,649	Behavior Health Treatment	7,860,666	5,261,014	(2,599,652)
118,559	54,306	(64,253)	Mental Health Services	1,400,090	644,678	(755,412)
1,406,496	868,428	(538,068)	Other Professional Services	12,512,945	10,304,609	(2,208,336)
3,375,679	2,840,146	(535,533)	**TOTAL OTHER PROFESSIONAL SERVICES**	38,515,491	33,775,238	(4,740,253)
3,601,196	4,203,001	601,805	**EMERGENCY ROOM**	54,180,170	49,826,017	(4,354,153)
2,692,667	13,442,497	10,749,830	**INPATIENT HOSPITAL**	149,867,260	159,636,382	9,769,122
115,395	115,738	343	**REINSURANCE EXPENSE PREMIUM**	1,384,297	1,371,014	(13,284)
4,278,893	4,860,709	581,816	**OUTPATIENT HOSPITAL SERVICES**	66,206,473	57,713,291	(8,493,182)
			OTHER MEDICAL			
50,426	338,474	288,048	Ambulance	3,617,266	4,010,258	392,992
294,467	359,857	65,390	Home Health Services & CBAS	3,496,690	4,285,580	788,890
219,280	262,930	43,650	Utilization and Quality Review Expenses	2,787,939	3,155,149	367,210
959,959	810,929	(149,030)	Long Term/SNF/Hospice	11,021,135	9,659,426	(1,361,709)
-	123,125	123,125	Enhanced Medical Benefits	16,466	1,458,525	1,442,059
12,269,071	-	(12,269,071)	Provider Enhancement Expense	22,160,405	-	(22,160,405)
1,235,668	533,946	(701,722)	Non-Medical Transportation	9,654,065	6,349,030	(3,305,035)
15,028,871	2,429,263	(12,599,608)	**TOTAL OTHER MEDICAL**	52,753,966	28,917,968	(23,835,997)
			PHARMACY SERVICES			
8,027,346	7,961,564	(65,782)	RX - Drugs & OTC	95,140,693	94,584,636	(556,057)
242,389	841,197	598,808	RX - HEP-C	6,969,239	10,007,896	3,038,657
491,345	521,937	30,592	Rx - DME	7,358,607	6,218,426	(1,140,181)
(145,539)	(105,221)	40,318	RX - Pharmacy Rebates	(1,472,488)	(1,250,000)	222,488
8,615,541	9,219,476	603,935	**TOTAL PHARMACY SERVICES**	107,996,051	109,560,958	1,564,907
444,467	492,500	48,033	**PAY FOR PERFORMANCE QUALITY INCENTIVE**	5,851,959	5,834,100	(17,859)
10,500,000	-	(10,500,000)	**EXPANSION RISK CORRIDOR**	10,500,000	-	(10,500,000)
-	-	-	**NON-CLAIMS EXPENSE ADJUSTMENT**	20,638,587	-	(20,638,587)
457,351	-	(457,351)	**IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT**	2,340,531	-	(2,340,531)
60,562,499	50,496,506	(10,065,993)	Total Medical Costs	670,197,102	599,544,113	(70,652,989)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
12.11	11.49	(0.62)	Primary Care Physician Services	11.56	11.49	(0.07)
29.92	36.30	6.37	Referral Specialty Services	37.10	36.35	(0.74)
4.73	4.54	(0.19)	Urgent Care & After Hours Advise	5.56	4.54	(1.02)
0.04	0.04	(0.00)	Hospital Admitting Team	0.04	0.04	0.00
46.81	52.36	5.55	TOTAL PHYSICIAN SERVICES	54.25	52.42	(1.83)
			OTHER PROFESSIONAL SERVICES			
1.00	1.03	0.02	Vision Service Capitation	1.00	1.03	0.03
1.15	0.71	(0.44)	221 - Business Intelligence	0.62	0.72	0.10
2.63	2.78	0.15	310 - Health Services - Utilization Management - UM Allocation *	2.70	2.78	0.08
0.26	0.36	0.11	311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.37	0.04
0.40	0.37	(0.04)	312 - Health Services - Education - UM Allocation *	0.33	0.36	0.03
0.32	0.32	(0.00)	313 - Health Services - Pharmacy - UM Allocation *	0.31	0.33	0.02
0.27	0.21	(0.06)	314 - Health Homes - UM Allocation *	0.20	0.21	0.00
0.17	0.23	0.06	616 - Disease Management - UM Allocation *	0.18	0.23	0.05
1.37	1.79	0.42	Behavior Health Treatment	2.67	1.80	(0.86)
0.48	0.22	(0.26)	Mental Health Services	0.47	0.22	(0.25)
5.75	3.53	(2.22)	Other Professional Services	4.24	3.53	(0.71)
13.80	11.53	(2.26)	TOTAL OTHER PROFESSIONAL SERVICES	13.06	11.58	(1.48)
14.72	17.07	2.35	EMERGENCY ROOM	18.38	17.08	(1.29)
11.00	54.59	43.58	INPATIENT HOSPITAL	50.83	54.73	3.90
0.47	0.47	(0.00)	REINSURANCE EXPENSE PREMIUM	0.47	0.47	0.00
17.49	19.74	2.25	OUTPATIENT HOSPITAL SERVICES	22.45	19.78	(2.67)
			OTHER MEDICAL			
0.21	1.37	1.17	Ambulance	1.23	1.37	0.15
1.20	1.46	0.26	Home Health Services & CBAS	1.19	1.47	0.28
0.90	1.07	0.17	Utilization and Quality Review Expenses	0.95	1.08	0.14
3.92	3.29	(0.63)	Long Term/SNF/Hospice	3.74	3.31	(0.43)
0.00	0.50	0.50	Enhanced Medical Benefits	0.01	0.50	0.49
50.14	0.00	(50.14)	Provider Enhancement Expense	7.52	0.00	(7.52)
5.05	2.17	(2.88)	Non-Medical Transportation	3.27	2.18	(1.10)
61.42	9.87	(51.56)	TOTAL OTHER MEDICAL	17.89	9.91	(7.98)
			PHARMACY SERVICES			
32.81	32.33	(0.48)	RX - Drugs & OTC	32.27	32.42	0.16
0.99	3.42	2.43	RX - HEP-C	2.36	3.43	1.07
2.01	2.12	0.11	Rx - DME	2.50	2.13	(0.36)
(0.59)	(0.43)	0.17	RX - Pharmacy Rebates	(0.50)	(0.43)	0.07
35.21	37.44	2.23	TOTAL PHARMACY SERVICES	36.63	37.56	0.93
1.82	2.00	0.18	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.98	2.00	0.02
42.91	0.00	(42.91)	EXPANSION RISK CORRIDOR	3.56	0.00	(3.56)
0.00	0.00	0.00	NON-CLAIMS EXPENSE ADJUSTMENT	7.00	0.00	(7.00)
1.87	0.00	(1.87)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.79	0.00	(0.79)
247.51	205.06	(42.45)	Total Medical Costs	227.31	205.53	(21.78)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	YEAR TO DATE 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	2,963,083	34,082,794
Referral Specialty Services	9,240,467	8,846,562	10,522,041	9,730,130	8,733,446	8,952,433	9,282,840	9,731,053	8,909,332	8,539,217	9,565,057	7,321,946	109,374,524
Urgent Care & After Hours Advise	1,069,333	1,008,534	2,281,593	1,678,588	1,474,529	1,133,192	1,180,035	1,209,271	1,519,714	1,425,628	1,256,973	1,158,110	16,395,500
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	9,000	9,300	109,500
TOTAL PHYSICIAN SERVICES	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	11,452,439	159,962,318
OTHER PROFESSIONAL SERVICES													
Vision Service Capitation	241,567	249,668	251,973	228,790	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	2,945,313
221 - Business Intelligence	-	-	-	-	-	825,183	144,979	154,479	133,346	150,200	152,761	281,589	1,842,537
310 - Health Services - Utilization Management - UM Allocation *	761,074	704,252	799,729	642,963	755,456	241,323	668,754	677,825	647,970	723,862	703,611	642,307	7,969,126
311 - Health Services - Quality Improvement - UM Allocation *	118,821	107,550	123,692	89,357	91,557	3,715	22,420	87,521	69,522	87,748	101,375	62,510	965,788
312 - Health Services - Education - UM Allocation *	76,022	65,961	79,421	70,442	80,056	86,012	79,826	84,285	82,671	91,376	86,565	98,006	980,643
313 - Health Services - Pharmacy - UM Allocation *	96,522	85,975	103,112	80,930	95,489	(21,368)	76,094	81,766	77,352	75,757	80,781	79,185	911,595
314 - Health Homes - UM Allocation *	44,203	41,266	48,457	41,054	48,687	47,918	47,631	52,937	53,966	58,534	48,745	65,649	599,047
616 - Disease Management - UM Allocation *	56,128	59,793	70,852	54,370	64,544	(47,728)	43,748	47,786	42,999	47,380	46,200	41,668	527,740
Behavior Health Treatment	488,079	385,879	454,810	490,975	524,803	387,958	133,646	1,464,101	499,373	1,235,629	1,461,225	334,188	7,860,666
Mental Health Services	63,645	122,453	96,062	319,743	431,902	290,129	458,142	(616,587)	321,217	(317,897)	112,722	118,559	1,400,090
Other Professional Services	1,027,749	965,677	968,482	892,942	1,075,750	1,051,105	1,041,504	972,326	1,075,739	924,103	1,111,072	1,406,496	12,512,945
TOTAL OTHER PROFESSIONAL SERVICES	2,973,811	2,788,474	2,996,590	2,911,566	3,414,591	3,111,320	2,964,061	3,254,300	3,251,122	3,323,654	4,150,323	3,375,679	38,515,491
EMERGENCY ROOM	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,563,430	4,531,949	4,490,225	4,169,595	3,601,196	54,180,170
INPATIENT HOSPITAL	13,588,711	13,055,324	16,973,565	14,300,202	13,932,093	13,267,422	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	2,692,667	149,867,260
REINSURANCE EXPENSE PREMIUM	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	116,072	115,275	115,395	1,384,297
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	5,131,143	4,278,893	66,206,473
OTHER MEDICAL													
Ambulance	338,351	352,496	350,066	327,106	381,817	257,885	320,988	332,353	278,480	330,444	296,854	50,426	3,617,266
Home Health Services & CBAS	387,076	354,315	265,517	292,019	278,153	334,350	266,062	284,020	220,846	235,341	284,524	294,467	3,496,690
Utilization and Quality Review Expenses	284,192	42,175	226,751	159,266	241,649	243,855	202,768	287,423	203,185	234,815	442,580	219,280	2,787,939
Long Term/SNF/Hospice	999,658	777,625	923,259	686,826	808,413	789,958	828,025	891,490	1,142,414	1,218,127	995,381	959,959	11,021,135
Enhanced Medical Benefits	-	9,604	-	-	-	6,862	-	-	-	-	-	-	16,466
Provider Enhancement Expense	-	-	-	-	3,585,959	945,276	500,000	1,575,041	948,004	944,853	1,392,201	12,269,071	22,160,405
Non-Medical Transportation	413,329	387,049	811,267	730,215	807,951	704,777	939,286	871,513	813,011	900,415	1,039,584	1,235,668	9,654,065
TOTAL OTHER MEDICAL	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	3,282,963	3,057,129	4,241,840	3,605,940	3,863,995	4,451,124	15,028,871	52,753,966
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	8,027,346	95,140,693
RX - HEP-C	729,042	557,006	600,369	500,230	483,336	454,893	734,583	839,377	726,518	564,928	536,568	242,389	6,969,239
Rx - DME	620,941	570,130	608,997	643,269	823,066	618,977	566,882	564,653	732,321	522,910	595,116	491,345	7,358,607
RX - Pharmacy Rebates	(116,000)	(116,000)	(116,000)	(163,400)	(163,400)	(163,400)	(163,400)	(163,400)	(28,482)	(66,734)	(66,733)	(145,539)	(1,472,488)
TOTAL PHARMACY SERVICES	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	8,567,706	8,848,741	9,437,755	8,667,417	9,382,074	8,798,273	8,615,541	107,996,051
PAY FOR PERFORMANCE QUALITY INCENTIVE	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	490,532	491,044	444,467	5,851,959
EXPANSION RISK CORRIDOR	-	-	-	-	-	-	-	-	-	-	-	10,500,000	10,500,000
NON-CLAIMS EXPENSE ADJUSTMENT	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	(535)	-	20,638,587
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,197,835)	342,052	1,872,269	566,662	1,438,167	4,196,430	457,351	2,340,531
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	53,362,649	53,549,587	54,170,337	60,562,499	670,197,102

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	YEAR TO DATE 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	12.11	11.56
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	29.92	37.10
Urgent Care & After Hours Advise	4.42	4.14	9.31	6.81	5.97	4.58	4.76	4.90	6.15	5.81	5.12	4.73	5.56
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	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	46.81	54.25
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	1.00
221 - Business Intelligence	0.00	0.00	0.00	0.00	0.00	3.34	0.58	0.63	0.54	0.61	0.62	1.15	0.62
310 - Health Services - Utilization Management - UM Allocation *	3.15	2.89	3.26	2.61	3.06	0.98	2.70	2.74	2.62	2.95	2.87	2.63	2.70
311 - Health Services - Quality Improvement - UM Allocation *	0.49	0.44	0.50	0.36	0.37	0.02	0.09	0.35	0.28	0.36	0.41	0.26	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	0.40	0.33
313 - Health Services - Pharmacy - UM Allocation *	0.40	0.35	0.42	0.33	0.39	(0.09)	0.31	0.33	0.31	0.31	0.33	0.32	0.31
314 - Health Homes - UM Allocation *	0.18	0.17	0.20	0.17	0.20	0.19	0.19	0.21	0.22	0.24	0.20	0.27	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	0.17	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	1.37	2.67
Mental Health Services	0.26	0.50	0.39	1.30	1.75	1.17	1.85	(2.50)	1.30	(1.30)	0.46	0.48	0.47
Other Professional Services	4.25	3.96	3.95	3.62	4.35	4.25	4.20	3.94	4.36	3.77	4.53	5.75	4.24
TOTAL OTHER PROFESSIONAL SERVICES	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	13.80	13.06
EMERGENCY ROOM	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.38
INPATIENT HOSPITAL	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	50.83
REINSURANCE EXPENSE PREMIUM	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
OUTPATIENT HOSPITAL SERVICES	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.45
OTHER MEDICAL													
Ambulance	1.40	1.45	1.43	1.33	1.55	1.04	1.30	1.35	1.13	1.35	1.21	0.21	1.23
Home Health Services & CBAS	1.60	1.45	1.08	1.19	1.13	1.35	1.07	1.15	0.89	0.96	1.16	1.20	1.19
Utilization and Quality Review Expenses	1.18	0.17	0.93	0.65	0.98	0.99	0.82	1.16	0.82	0.96	1.80	0.90	0.95
Long Term/SNF/Hospice	4.14	3.19	3.77	2.79	3.27	3.19	3.34	3.61	4.63	4.97	4.05	3.92	3.74
Enhanced Medical Benefits	0.00	0.04	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Provider Enhancement Expense	0.00	0.00	0.00	0.00	14.51	3.82	2.02	6.38	3.84	3.85	5.67	50.14	7.52
Non-Medical Transportation	1.71	1.59	3.31	2.96	3.27	2.85	3.79	3.53	3.29	3.67	4.23	5.05	3.27
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	61.42	17.89
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	32.81	32.27
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	0.99	2.36
Rx - DME	2.57	2.34	2.49	2.61	3.33	2.50	2.29	2.29	2.97	2.13	2.42	2.01	2.50
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)	(0.59)	(0.50)
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	35.21	36.63
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	1.82	1.98
EXPANSION RISK CORRIDOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.91	3.56
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)	0.00	7.00
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	1.87	0.79
Total Medical Costs	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	247.51	227.31

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
273,511	245,453	(28,058)	110 - Executive	2,883,752	2,936,663	52,911
138,271	144,770	6,499	210 - Accounting	1,582,545	1,737,218	154,673
292,320	394,583	102,263	220 - Management Information Systems	4,407,701	4,734,909	327,208
1,314	3,171	1,857	221 - Business Intelligence	4,750	37,993	33,243
250,448	319,534	69,086	225 - Infrastructure	2,343,989	3,834,330	1,490,341
487,145	440,739	(46,406)	230 - Claims	5,628,218	5,402,599	(225,619)
106,183	100,658	(5,525)	240 - Project Management	1,080,616	1,207,900	127,284
97,853	87,087	(10,766)	310 - Health Services - Utilization Management	1,009,956	1,034,029	24,073
20,103	32,758	12,655	311 - Health Services - Quality Improvement	325,190	393,088	67,898
60	553	493	312 - Health Services - Education	2,179	6,640	4,461
115,852	121,044	5,192	313- Pharmacy	1,416,646	1,412,509	(4,137)
141	2,325	2,184	314 - Health Homes	39,607	27,900	(11,707)
17,857	23,972	6,115	616 - Disease Management	227,313	287,670	60,357
274,647	201,520	(73,127)	320 - Provider Relations	2,554,066	2,421,728	(132,338)
440,380	511,180	70,800	330 - Member Services	5,820,670	6,134,102	313,432
317,698	537,702	220,004	340 - Corporate Services	3,479,245	4,254,775	775,530
55,345	59,285	3,940	360 - Audit & Investigative Services	685,339	711,424	26,085
54,700	49,901	(4,799)	410 - Advertising Media	546,462	646,700	100,238
58,355	62,897	4,542	420 - Sales/Marketing/Public Relations	585,848	754,752	168,904
155,825	151,777	(4,048)	510 - Human Resourses	1,618,049	1,823,609	205,560
383,013	(124,999)	(508,012)	Budgeted Administrative Vacancy and Timing Factor	383,013	(1,499,982)	(1,882,995)
3,541,021	3,365,911	(175,110)	Total Administrative Expenses	36,625,154	38,300,557	1,675,403

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2018	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 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	273,511	2,883,752
210 - Accounting	121,592	122,208	139,362	119,259	106,858	172,387	117,377	110,817	159,698	123,815	150,901	138,271	1,582,545
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	292,320	4,407,701
221 - Business Intelligence	122,020	134,571	151,816	129,810	151,271	(687,770)	53	127	-	61	1,477	1,314	4,750
225 - Infrastructure	126,761	233,198	186,762	250,471	163,797	146,181	164,738	287,752	191,786	135,139	206,956	250,448	2,343,989
230 - Claims	476,893	392,682	482,563	405,196	484,785	423,369	483,567	527,385	463,257	532,865	468,511	487,145	5,628,218
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	106,183	1,080,616
310 - Health Services - Utilization Management	5,036	(156)	768	270	(404)	483,745	95,558	83,371	87,215	80,604	76,096	97,853	1,009,956
311 - Health Services - Quality Improvement	10	358	329	-	-	102,349	78,633	29,275	28,412	29,284	36,437	20,103	325,190
312 - Health Services - Education	147	(130)	-	190	705	12	388	511	408	9,104	(9,216)	60	2,179
313- Pharmacy	104,959	104,858	84,757	91,752	99,028	210,335	114,825	118,811	107,154	121,278	143,037	115,852	1,416,646
314 - Health Homes	83	(76)	99	698	(25)	2,930	11,049	18,160	5,403	1,097	48	141	39,607
616 - Disease Management	-	129	-	-	-	110,553	19,477	20,480	18,711	20,306	19,800	17,857	227,313
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	274,647	2,554,066
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	440,380	5,820,670
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	317,698	3,479,245
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	55,345	685,339
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	54,700	546,462
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	58,355	585,848
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	155,825	1,618,049
Administraive Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	383,013	383,013
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	3,541,021	36,625,154

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

ASSETS	DECEMBER 2018	NOVEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 1,454,628	$ 1,452,138	2,490
Interest Receivable	8,599	3,536	5,063
Prepaid Expenses & Other Current Assets	5,000	834	4,166
TOTAL CURRENT ASSETS	$ 1,468,227	$ 1,456,508	$ 11,719
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	13,840	5,000	8,840
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	$ 367,689	$ 358,849	$ 8,840
NET POSITION:			
Net Position- Beg. of Year	1,081,027	1,081,027	-
Increase (Decrease) in Net Position - Current Year	19,511	16,632	2,879
Total Net Position	$ 1,100,538	$ 1,097,659	$ 2,879
TOTAL LIABILITIES AND NET POSITION	$ 1,468,227	$ 1,456,508	$ 11,719

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED DECEMBER 31, 2018

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
-	-	-	Members	-	-	-
			REVENUES			
-	-	-	Premium	-	-	-
5,063	-	5,063	Interest	28,193	-	28,193
(1,350)	-	(1,350)	Other Investment Income	1,318	-	1,318
3,713	-	3,713	TOTAL REVENUES	29,511	-	29,511
			EXPENSES			
			Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
3,713	-	3,713	GROSS MARGIN	29,511	-	29,511
			Administrative			
834	-	(834)	Management Fee Expense and Other Admin Exp	10,000	-	(10,000)
834	-	(834)	Total Administrative Expenses	10,000	-	(10,000)
834	-	(834)	TOTAL EXPENSES	10,000	-	(10,000)
2,879	-	2,879	OPERATING INCOME (LOSS)	19,511	-	19,511
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
2,879	-	2,879	NET INCREASE (DECREASE) IN NET POSITION	19,511	-	19,511
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
22%	0%	-22%	ADMINISTRATIVE EXPENSE RATIO	34%	0%	-34%

KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT

KERN HEALTH SYSTEMS

MEDI-CAL	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
ADULT AND FAMILY													
PA - FAMILY	**407,823**	34,790	34,221	34,687	33,840	33,542	33,859	33,475	33,694	34,300	33,768	33,774	33,873
MN - FAMILY	**0**	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	0
FOSTER CARE	**8,466**	707	679	719	731	701	713	729	713	707	699	686	682
POVERTY-133/200%	**12**	1	1	1	1	1	1	1	1	1	2	0	1
POVERTY-100%	**0**	0	0	0	0	0	0	0	0	0	0	0	0
MI - CHILD	**1,315,314**	107,133	108,725	109,378	110,181	111,205	110,796	111,208	110,586	109,982	109,015	109,112	107,993
CHILD-ACA	**716**	115	104	120	40	40	43	45	44	41	40	42	42
FAMILY - UNDER 19	**259,215**	21,195	21,355	21,188	21,708	21,196	21,272	21,636	21,517	21,950	21,949	22,098	22,151
SUB-TOTAL ADULT & FAMILY	**1,991,546**	**163,941**	**165,085**	**166,093**	**166,501**	**166,685**	**166,684**	**167,094**	**166,555**	**166,981**	**165,473**	**165,712**	**164,742**
MEDI-CAL EXPANSION													
LIHP Transition Pre-ACA	**445**	52	52	52	52	28	49	48	47	47	6	6	6
ACA Expansion Adult-Citizen	**704,176**	57,307	58,118	58,262	59,224	58,660	59,413	59,517	59,152	58,697	58,700	58,344	58,782
ACA Expansion CAL Fresh Adult	**57**	5	5	6	5	5	5	5	5	5	5	2	4
LIHP Transition Pre-ACA	**5,536**	380	389	454	418	539	508	488	474	531	488	430	437
SUB-TOTAL MANDATORY	**710,214**	**57,744**	**58,564**	**58,774**	**59,699**	**59,232**	**59,975**	**60,058**	**59,678**	**59,280**	**59,199**	**58,782**	**59,229**
SDP MEMBERS													
SSI -AGED	**2,275**	191	182	174	186	186	195	168	193	192	205	191	212
MN - AGED	**18,344**	1,457	1,414	1,533	1,483	1,544	1,551	1,558	1,587	1,534	1,541	1,575	1,567
SSI - BLIND & DIS-ABLED	**147,580**	12,242	12,366	12,213	12,177	12,373	12,386	12,298	12,281	12,272	12,229	12,472	12,271
MN - BLIND & DIS-ABLED	**5,840**	259	358	334	356	1,121	458	606	493	448	497	521	389
SUB-TOTAL MANDATORY SPD	**174,039**	**14,149**	**14,320**	**14,254**	**14,202**	**15,224**	**14,590**	**14,630**	**14,554**	**14,446**	**14,472**	**14,759**	**14,439**
TOTAL MANDATORY	**2,875,799**	**235,834**	**237,969**	**239,121**	**240,402**	**241,141**	**241,249**	**241,782**	**240,787**	**240,707**	**239,144**	**239,253**	**238,410**
OTHER MEMBERS													
BCCTP-TOBACCO SETTLEMENT	**286**	28	26	25	24	24	23	23	23	22	21	23	24
DUALS													
PA - FAMILY DUALS	**207**	24	14	19	23	-8	19	25	16	15	23	21	16
PART D SSI -AGED	**9,685**	771	776	767	784	805	787	836	798	848	830	837	846
PART D MN - AGED	**16,741**	1,295	1,364	1,331	1,359	1,390	1,364	1,364	1,399	1,439	1,434	1,490	1,512
PART D SSI - BLIND & DIS-ABLED	**28,989**	2,338	2,300	2,314	2,389	2,324	2,463	2,433	2,559	2,525	2,399	2,483	2,462
PART D MN - BLIND & DIS-ABLED	**12,084**	1,038	978	973	980	983	980	991	1,011	1,030	1,035	1,041	1,044
PART D BCCTP-TOBACCO SETTLEMENT	**11**	3	1	1	0	0	0	0	0	1	2	2	1
PART D MI - ADULT	**0**	0	0	0	0	0	0	0	0	0	0	0	0
PART D MI - CHILD	**4,627**	346	385	390	386	414	432	407	374	375	378	372	368
SUB-TOTAL DUALS	**72,344**	**5,815**	**5,818**	**5,795**	**5,921**	**5,908**	**6,045**	**6,056**	**6,157**	**6,233**	**6,101**	**6,246**	**6,249**
TOTAL OTHERS	**72,630**	**5,843**	**5,844**	**5,820**	**5,945**	**5,932**	**6,068**	**6,079**	**6,180**	**6,255**	**6,122**	**6,269**	**6,273**
TOTAL KAISER	**99,006**	**7,991**	**8,160**	**8,225**	**8,267**	**8,307**	**8,294**	**8,278**	**8,340**	**8,291**	**8,284**	**8,283**	**8,286**
TOTAL MEDI-CAL MEMBERS	**3,047,435**	**249,668**	**251,973**	**253,166**	**254,614**	**255,380**	**255,611**	**256,139**	**255,307**	**255,253**	**253,550**	**253,805**	**252,969**

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 11, 2019

Re: January 2019 Financial Results

The January results reflect a $493,634 Net Increase in Net Position which is a $1,457,663 favorable variance to the budget. Listed below are the major variances for the month:

1) Total Revenues reflect a $1.0 million favorable variance primarily due to:

   A) $1.4 million favorable variance relating to Rate/Income Adjustments primarily due to retroactive payments received ($.8 million) and higher than expected Maternity and BHT payments received from the prior year ($.6 million).

2) Total Medical Costs reflect a $.1 million unfavorable variance primarily due to:

   A) $ .5 million favorable variance in Inpatient primarily due to lower than expected utilization for Expansion and SPD members.

   B) $.3 million favorable variance in Outpatient Hospital primarily due to lower than expected utilization for Family and Other members.

   C) $1.7 million unfavorable variance in Other Medical primarily due to accruing for unbudgeted 18/19 Proposition 56 expenses.

   D) $.7 million favorable variance in IBNR/Incentive/Paid Claim Adjustments primarily due to Pharmacy Rebate recoveries from the prior year.

The January Medical Loss Ratio is 93.1% which is favorable to the 95.0% budgeted amount. The January Administrative Expense Ratio is 5.7 % which is favorable to the 6.2% budgeted amount.

Kern Health Systems
Financial Packet
January 2019

KHS – Medi-Cal Line of Business

KHS Group Health Plan – Healthy Families Line of Business

KHS Administrative Analysis and Other Reporting

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF NET POSITION
AS OF JANUARY 31, 2019

ASSETS	JANUARY 2019	DECEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 83,869,352	$ 90,659,914	$ (6,790,562)
Short-Term Investments	105,187,003	140,247,122	(35,060,119)
Premiums Receivable - Net	101,667,917	93,261,229	8,406,688
Interest Receivable	252,089	362,171	(110,082)
Other Receivables	1,229,575	1,161,370	68,205
Prepaid Expenses & Other Current Assets	1,961,202	1,691,861	269,341
Total Current Assets	$ 294,167,138	$ 327,383,667	$ (33,216,529)
RESTRICTED ASSETS	$ 300,000	$ 300,000	$ -
CAPITAL ASSETS - NET OF ACCUM DEPRE:			
Land	4,876,562	4,876,562	-
Furniture and Equipment - Net	10,511,928	10,092,281	419,647
Automobiles - Net	34,726	35,510	(784)
Building and Building Improvements - Net	6,295,843	6,323,699	(27,856)
Building Project in Progress	19,916,665	20,062,918	(146,253)
Capital Projects in Progress	14,570,389	14,546,259	24,130
Total Capital Assets	$ 56,206,113	$ 55,937,229	$ 268,884
LONG TERM ASSETS:			
Officer Life Insurance Receivables	704,750	704,750	-
Total Long Term Assets	$ 704,750	$ 704,750	$ -
DEFERRED OUTFLOWS OF RESOURCES	$ 2,657,573	$ 2,657,573	$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 354,035,574	$ 386,983,219	$ (32,947,645)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	$ 40,792	$ 34,243	6,549
Accrued Salaries and Employee Benefits	2,301,612	2,071,250	230,362
Accrued Other Operating Expenses	3,430,003	6,671,711	(3,241,708)
Accrued Taxes and Licenses	8,036,109	24,211,743	(16,175,634)
Claims Payable (Reported)	16,474,208	30,632,670	(14,158,462)
IBNR - Inpatient Claims	27,157,387	24,839,132	2,318,255
IBNR - Physician Claims	13,432,325	15,602,713	(2,170,388)
IBNR - Accrued Other Medical	18,721,950	19,428,278	(706,328)
Risk Pool and Withholds Payable	2,368,213	1,876,553	491,660
Statutory Allowance for Claims Processing Expense	2,326,151	2,326,151	-
Other Liabilities	51,392,452	51,428,037	(35,585)
Total Current Liabilities	$ 145,681,202	$ 179,122,481	$ (33,441,279)
NONCURRENT LIABILITIES:			
Net Pension Liability	5,865,463	5,865,463	-
TOTAL NONCURRENT LIABILITIES	$ 5,865,463	$ 5,865,463	$ -
DEFERRED INFLOWS OF RESOURCES	$ 364,304	$ 364,304	$ -
NET POSITION:			
Net Position - Beg. of Year	201,630,971	190,541,821	11,089,150
Increase (Decrease) in Net Position - Current Year	493,634	11,089,150	(10,595,516)
Total Net Position	$ 202,124,605	$ 201,630,971	$ 493,634
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 354,035,574	$ 386,983,219	$ (32,947,645)

KHS3/26/2019
Management Use Only

KERN HEALTH SYSTEMS
MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH MEMBERS				YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
165,796	167,000	(1,204)	Family Members	165,796	167,000	(1,204)
59,129	59,675	(546)	Expansion Members	59,129	59,675	(546)
14,585	14,200	385	SPD Members	14,585	14,200	385
6,320	5,600	720	Other Members	6,320	5,600	720
8,329	8,400	(71)	Kaiser Members	8,329	8,400	(71)
254,159	254,875	(716)	Total Members - MCAL	254,159	254,875	(716)
			REVENUES			
23,126,334	23,224,509	(98,175)	Title XIX - Medicaid - Family and Other	23,126,334	23,224,509	(98,175)
21,975,726	21,930,976	44,750	Title XIX - Medicaid - Expansion Members	21,975,726	21,930,976	44,750
11,970,651	11,927,381	43,270	Title XIX - Medicaid - SPD Members	11,970,651	11,927,381	43,270
8,006,206	8,231,115	(224,909)	Premium - MCO Tax	8,006,206	8,231,115	(224,909)
338,737	390,527	(51,790)	Interest /Dividends	338,737	390,527	(51,790)
-	125,702	(125,702)	Reinsurance Recoveries	-	125,702	(125,702)
1,364,372	-	1,364,372	Rate/Income Adjustments	1,364,372	-	1,364,372
85,746	-	85,746	Other Income (Expense)	85,746	-	85,746
66,867,772	65,830,210	1,037,562	TOTAL REVENUES	66,867,772	65,830,210	1,037,562
			EXPENSES			
			Medical Costs:			
13,212,798	13,421,538	208,740	Physician Services	13,212,798	13,421,538	208,740
3,414,621	3,454,600	39,979	Other Professional Services	3,414,621	3,454,600	39,979
4,459,099	4,551,205	92,106	Emergency Room	4,459,099	4,551,205	92,106
12,961,386	13,493,486	532,100	Inpatient	12,961,386	13,493,486	532,100
125,136	125,702	566	Reinsurance Expense	125,136	125,702	566
5,414,223	5,672,846	258,623	Outpatient Hospital	5,414,223	5,672,846	258,623
5,564,320	3,889,009	(1,675,311)	Other Medical	5,564,320	3,889,009	(1,675,311)
9,612,700	9,634,871	22,171	Pharmacy	9,612,700	9,634,871	22,171
491,660	492,950	1,290	Pay for Performance Quality Incentive	491,660	492,950	1,290
-	-	-	Expansion Risk Corridor	-	-	-
197,435	-	(197,435)	Non-Claims Expense Adjustment	197,435	-	(197,435)
(659,783)	-	659,783	IBNR, Incentive, Paid Claims Adjustment	(659,783)	-	659,783
54,793,595	54,736,207	(57,388)	Total Medical Costs	54,793,595	54,736,207	(57,388)
12,074,177	11,094,003	980,174	GROSS MARGIN	12,074,177	11,094,003	980,174
			Administrative:			
2,219,647	2,132,608	(87,039)	Compensation	2,219,647	2,132,608	(87,039)
534,139	783,641	249,502	Purchased Services	534,139	783,641	249,502
115,623	112,467	(3,156)	Supplies	115,623	112,467	(3,156)
179,516	198,963	19,447	Depreciation	179,516	198,963	19,447
326,629	319,239	(7,390)	Other Administrative Expenses	326,629	319,239	(7,390)
-	-	-	Administrative Expense Adjustment	-	-	-
3,375,554	3,546,917	171,363	Total Administrative Expenses	3,375,554	3,546,917	171,363
58,169,149	58,283,124	113,975	TOTAL EXPENSES	58,169,149	58,283,124	113,975
8,698,623	7,547,086	1,151,537	OPERATING INCOME (LOSS) BEFORE TAX	8,698,623	7,547,086	1,151,537
8,088,119	8,231,115	142,996	MCO TAX	8,088,119	8,231,115	142,996
610,504	(684,029)	1,294,533	OPERATING INCOME (LOSS) NET OF TAX	610,504	(684,029)	1,294,533
			NONOPERATING EXPENSE			
-	-	-	Reserve Fund Projects/Community Grants	-	-	-
116,870	280,000	(163,130)	Health Home	116,870	280,000	(163,130)
116,870	280,000	(163,130)	TOTAL NONOPERATING EXPENSE	116,870	280,000	(163,130)
493,634	(964,029)	1,457,663	NET INCREASE (DECREASE) IN NET POSITION	493,634	(964,029)	1,457,663
93.1%	95.0%	1.9%	MEDICAL LOSS RATIO	93.1%	95.0%	1.9%
5.7%	6.2%	0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.4%

KHS3/26/2019
Management Use Only

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
165,796	167,000	(1,204)	Family Members	165,796	167,000	(1,204)
59,129	59,675	(546)	Expansion Members	59,129	59,675	(546)
14,585	14,200	385	SPD Members	14,585	14,200	385
6,320	5,600	720	Other Members	6,320	5,600	720
8,329	8,400	(71)	Kaiser Members	8,329	8,400	(71)
254,159	254,875	(716)	Total Members - MCAL	254,159	254,875	(716)
			REVENUES			
134.36	134.56	(0.19)	Title XIX - Medicaid - Family and Other	134.36	134.56	(0.19)
371.66	367.51	4.15	Title XIX - Medicaid - Expansion Members	371.66	367.51	4.15
820.75	839.96	(19.21)	Title XIX - Medicaid - SPD Members	820.75	839.96	(19.21)
32.57	33.40	(0.83)	Premium - MCO Tax	32.57	33.40	(0.83)
1.38	1.58	(0.21)	Interest /Dividends	1.38	1.58	(0.21)
0.00	0.51	(0.51)	Reinsurance Recoveries	0.00	0.51	(0.51)
0.00	0.00	0.00	COB/Subrogation Collections	0.00	0.00	0.00
5.55	0.00	5.55	Rate/Income Adjustments	5.55	0.00	5.55
0.35	0.00	0.35	Other Income (Expense)	0.35	0.00	0.35
272.01	267.09	4.92	TOTAL REVENUES	272.01	267.09	4.92
			EXPENSES			
			Medical Costs:			
53.75	54.45	0.71	Physician Services	53.75	54.45	0.71
13.89	14.02	0.13	Other Professional Services	13.89	14.02	0.13
18.14	18.47	0.33	Emergency Room	18.14	18.47	0.33
52.72	54.75	2.02	Inpatient	52.72	54.75	2.02
0.51	0.51	0.00	Reinsurance Expense	0.51	0.51	0.00
22.02	23.02	0.99	Outpatient Hospital	22.02	23.02	0.99
22.63	15.78	(6.86)	Other Medical	22.63	15.78	(6.86)
39.10	39.09	(0.01)	Pharmacy	39.10	39.09	(0.01)
2.00	2.00	0.00	Pay for Performance Quality Incentive	2.00	2.00	0.00
0.00	0.00	0.00	Expansion Risk Corridor	0.00	0.00	0.00
0.80	0.00	(0.80)	Non-Claims Expense Adjustment	0.80	0.00	(0.80)
(2.68)	0.00	2.68	IBNR, Incentive, Paid Claims Adjustment	(2.68)	0.00	2.68
222.89	222.08	(0.82)	Total Medical Costs	222.89	222.08	(0.82)
49.12	45.01	4.11	GROSS MARGIN	49.12	45.01	4.11
			Administrative:			
9.03	8.65	(0.38)	Compensation	9.03	8.65	(0.38)
2.17	3.18	1.01	Purchased Services	2.17	3.18	1.01
0.47	0.46	(0.01)	Supplies	0.47	0.46	(0.01)
0.73	0.81	0.08	Depreciation	0.73	0.81	0.08
1.33	1.30	(0.03)	Other Administrative Expenses	1.33	1.30	(0.03)
0.00	0.00	0.00	Administrative Expense Adjustment	0.00	0.00	0.00
13.73	14.39	0.66	Total Administrative Expenses	13.73	14.39	0.66
236.62	236.47	(0.16)	TOTAL EXPENSES	236.62	236.47	(0.16)
35.38	30.62	4.76	OPERATING INCOME (LOSS) BEFORE TAX	35.38	30.62	4.76
32.90	33.40	0.49	MCO TAX	32.90	33.40	0.49
2.48	(2.78)	5.26	OPERATING INCOME (LOSS) NET OF TAX	2.48	(2.78)	5.26
			NONOPERATING EXPENSE			
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	0.00	0.00	0.00
(0.46)	1.14	1.60	Health Home	(0.46)	1.14	1.60
(0.46)	1.14	1.60	TOTAL NONOPERATING EXPENSE	(0.46)	1.14	1.60
2.01	(3.91)	5.92	NET INCREASE (DECREASE) IN NET POSITION	2.01	(3.91)	5.92
93.1%	95.0%	1.9%	MEDICAL LOSS RATIO	93.1%	95.0%	1.9%
5.7%	6.2%	0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.4%

KHS3/26/2019
Management Use Only

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2019	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	JANUARY 2019	13 MONTH TOTAL
ENROLLMENT														
Members - MCAL	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	245,830	3,194,259
REVENUES														
Title XIX - Medicaid - Family and Other	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	30,919,748	23,126,334	298,422,500
Title XIX - Medicaid - Expansion Members	20,478,437	20,367,468	20,638,072	20,813,430	21,917,368	21,204,090	21,752,232	22,282,962	21,704,606	21,501,088	21,231,529	24,465,934	21,975,726	280,332,942
Title XIX - Medicaid - SPD Members	10,334,550	10,530,984	10,764,253	10,871,613	11,583,059	11,083,761	11,910,574	12,352,541	11,987,574	12,128,124	12,551,376	13,341,766	11,970,651	151,410,826
Premium - MCO Tax	7,720,467	7,638,903	7,815,000	7,859,452	7,883,583	7,817,901	8,087,918	8,087,606	8,087,918	8,087,777	8,087,716	7,658,846	8,006,206	102,839,293
Interest /Dividends	489,128	312,296	330,992	509,405	392,144	493,098	298,592	326,444	328,291	331,150	316,046	369,891	338,737	4,836,214
Reinsurance Recoveries	-	-	-	-	-	139,352	-	-	-	-	(139,352)	267,973	-	267,973
COB/Subrogation Collections	-	-	10,245,425	3,503,612	1,257,496	1,027,705	465,065	417,036	196,954	325,659	110,446	59,980	-	17,609,378
Rate/Income Adjustments	1,511,501	319,159	1,095,189	457,845	21,528,562	(1,680,199)	(113,750)	129,606	5,175	212,890	251,712	(5,850)	1,364,372	25,076,212
Other Income (Expense)	114,532	(200,000)	(384,933)	(360,661)	(99,712)	345,348	58,667	15,476	136,661	142,515	45,043	669,097	85,746	567,779
TOTAL REVENUES	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	77,747,385	66,867,772	881,363,118
EXPENSES														
Medical Costs:														
Physician Services	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	11,452,439	13,212,798	173,175,116
Other Professional Services	2,973,811	2,788,474	2,996,590	2,911,566	3,414,591	3,111,320	2,964,061	3,254,300	3,251,122	3,323,654	4,150,323	3,375,679	3,414,621	41,930,112
Emergency Room	4,269,344	4,171,278	5,259,525	5,247,777	4,510,035	4,780,947	4,584,869	4,563,430	4,531,949	4,490,225	4,169,595	3,601,196	4,459,099	58,639,269
Inpatient	13,588,711	13,055,324	16,973,565	14,300,202	13,932,093	13,267,422	13,921,068	13,023,461	12,885,548	13,069,188	9,158,011	2,692,667	12,961,386	162,828,646
Reinsurance Expense	113,536	117,345	118,427	107,531	115,783	116,124	116,240	116,494	116,075	116,072	115,275	115,395	125,136	1,509,433
Outpatient Hospital	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	4,278,893	5,414,223	71,620,696
Other Medical	2,422,606	1,923,264	2,576,860	2,195,432	6,103,942	3,282,963	3,057,129	4,241,840	3,605,940	3,863,995	4,451,124	15,028,871	5,564,320	58,318,286
Pharmacy	9,767,063	8,544,614	9,369,495	8,793,635	9,203,737	8,567,706	8,848,741	9,437,755	8,667,417	9,382,074	8,798,273	8,615,541	9,612,700	117,608,751
Pay for Performance Quality Incentive	483,354	487,626	489,882	492,694	494,146	494,634	495,722	493,934	493,924	490,532	491,044	444,467	491,660	6,343,619
Expansion Risk Corridor	-	-	-	-	-	-	-	-	-	-	-	10,500,000	-	10,500,000
Non-Claims Expense Adjustment	-	-	-	-	20,941,682	(11,991)	-	(299,863)	6,624	2,670	(535)	-	197,435	20,836,022
IBNR, Incentive, Paid Claims Adjustment	(2,338,427)	(81,180)	18,265	(1,015,946)	(1,917,277)	(1,197,835)	342,052	1,872,269	566,662	1,438,167	4,196,430	482,510	(659,783)	1,705,907
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	53,362,649	53,549,587	54,170,337	60,587,658	54,793,595	725,015,856
GROSS MARGIN	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	17,159,727	12,074,177	156,347,262
Administrative:														
Compensation	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	1,990,200	2,219,647	25,926,090
Purchased Services	519,892	545,740	804,716	642,623	636,968	578,949	415,147	594,201	555,317	465,811	616,200	628,945	534,139	7,538,648
Supplies	104,203	27,993	(9,431)	72,492	71,465	68,507	57,005	61,411	30,539	67,086	36,154	104,230	115,623	807,277
Depreciation	128,722	127,578	127,464	130,267	122,140	127,238	127,238	127,237	127,238	127,238	127,238	131,127	179,516	1,710,241
Other Administrative Expenses	210,466	225,000	339,883	284,983	279,546	275,729	332,386	255,200	315,104	265,994	221,013	303,506	326,629	3,635,439
Administrative Expense Adjustment	-	-	-	-	-	-	-	-	-	-	-	383,013	-	383,013
Total Administrative 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	3,541,021	3,375,554	40,000,708
TOTAL EXPENSES	52,773,833	51,535,473	62,072,571	56,518,488	79,727,921	54,289,995	56,143,972	59,410,922	56,412,490	56,636,822	57,196,249	64,128,679	58,169,149	765,016,564
OPERATING INCOME (LOSS) BEFORE TAX	7,723,765	7,761,826	9,657,832	8,022,585	7,815,018	7,973,857	9,134,563	8,968,744	9,118,375	9,092,971	8,759,689	13,618,706	8,698,623	116,346,554
MCO TAX	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	8,087,687	8,088,119	102,305,104
OPERATING INCOME (LOSS) NET OF TAX	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	5,531,019	610,504	14,041,450
TOTAL NONOPERATING EXPENSE	18,785	140,027	615,733	138,970	(43,857)	233,737	158,805	191,701	567,923	41,390	223,595	54,987	116,870	2,458,666
NET INCREASE (DECREASE) IN NET POSITION	54,726	111,050	1,392,076	233,361	208,621	161,292	887,840	689,436	462,534	963,804	448,378	5,476,032	493,634	11,582,784
MEDICAL LOSS RATIO	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.1%	93.1%
ADMINISTRATIVE EXPENSE RATIO	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.7%	5.1%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2019	JANUARY 2018	FEBRUARY 2018	MARCH 2018	APRIL 2018	MAY 2018	JUNE 2018	JULY 2018	AUGUST 2018	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	JANUARY 2019	13 MONTH TOTAL
ENROLLMENT														
Members - MCAL	241,677	243,813	244,941	246,347	247,073	247,317	247,861	246,967	246,962	245,266	245,522	244,683	245,830	3,194,259
REVENUES														
Title XIX - Medicaid - Family and Other	116.91	118.93	123.47	121.12	133.71	126.38	131.77	143.39	133.25	134.04	136.65	180.80	134.36	133.45
Title XIX - Medicaid - Expansion Members	354.64	347.78	351.14	348.64	370.03	353.55	362.19	373.39	366.14	363.20	361.19	413.07	371.66	364.38
Title XIX - Medicaid - SPD Members	730.41	735.40	755.17	765.50	760.84	759.68	814.12	848.74	829.82	838.04	850.42	924.01	820.75	802.71
Premium - MCO Tax	31.95	31.33	31.91	31.90	31.91	31.61	32.63	32.75	32.75	32.98	32.94	31.30	32.57	32.20
Interest /Dividends	2.02	1.28	1.35	2.07	1.59	1.99	1.20	1.32	1.33	1.35	1.29	1.51	1.38	1.51
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.56	0.00	0.00	0.00	0.00	(0.57)	1.10	0.00	0.08
COB/Subrogation Collections	0.00	0.00	41.83	14.22	5.09	4.16	1.88	1.69	0.80	1.33	0.45	0.25	0.00	5.51
Rate/Income Adjustments	6.25	1.31	4.47	1.86	87.13	(6.79)	(0.46)	0.52	0.02	0.87	1.03	(0.02)	5.55	7.85
Other Income (Expense)	0.47	(0.82)	(1.57)	(1.46)	(0.40)	1.40	0.24	0.06	0.55	0.58	0.18	2.73	0.35	0.18
TOTAL REVENUES	250.32	243.21	292.85	261.99	354.32	251.76	263.37	276.88	265.35	267.99	268.64	317.75	272.01	275.92
EXPENSES														
Medical Costs:														
Physician Services	54.78	51.71	63.72	58.66	53.89	52.62	53.27	54.82	54.42	51.32	55.02	46.81	53.75	54.21
Other Professional Services	12.30	11.44	12.23	11.82	13.82	12.58	11.96	13.18	13.16	13.55	16.90	13.80	13.89	13.13
Emergency Room	17.67	17.11	21.47	21.30	18.25	19.33	18.50	18.48	18.35	18.31	16.98	14.72	18.14	18.36
Inpatient	56.23	53.55	69.30	58.05	56.39	53.65	56.16	52.73	52.18	53.29	37.30	11.00	52.72	50.98
Reinsurance Expense	0.47	0.48	0.48	0.44	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.51	0.47
Outpatient Hospital	21.96	21.08	21.73	25.24	26.66	23.98	22.85	24.49	23.48	19.51	20.90	17.49	22.02	22.42
Other Medical	10.02	7.89	10.52	8.91	24.71	13.27	12.33	17.18	14.60	15.75	18.13	61.42	22.63	18.26
Pharmacy	40.41	35.05	38.25	35.70	37.25	34.64	35.70	38.21	35.10	38.25	35.83	35.21	39.10	36.82
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	1.82	2.00	1.99
Expansion Risk Corridor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42.91	0.00	3.29
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)	0.00	0.80	6.52
IBNR, Incentive, 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	1.97	(2.68)	0.53
Total Medical Costs	206.17	199.96	239.79	217.99	310.44	207.65	214.62	227.92	216.08	218.33	220.63	247.62	222.89	226.97
GROSS MARGIN	44.15	43.25	53.06	44.01	43.88	44.11	48.75	48.96	49.27	49.66	48.00	70.13	49.12	48.95
Administrative:														
Compensation	8.21	7.62	8.48	6.85	7.76	7.62	8.14	8.44	8.19	8.81	8.25	8.13	9.03	8.12
Purchased Services	2.15	2.24	3.29	2.61	2.58	2.34	1.67	2.41	2.25	1.90	2.51	2.57	2.17	2.36
Supplies	0.43	0.11	(0.04)	0.29	0.29	0.28	0.23	0.25	0.12	0.27	0.15	0.43	0.47	0.25
Depreciation	0.53	0.52	0.52	0.53	0.49	0.51	0.51	0.52	0.52	0.52	0.52	0.54	0.73	0.54
Other Administrative Expenses	0.87	0.92	1.39	1.16	1.13	1.11	1.34	1.03	1.28	1.08	0.90	1.24	1.33	1.14
Administrative Expense Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.57	0.00	0.12
Total Administrative Expenses	12.19	11.42	13.63	11.44	12.25	11.87	11.90	12.64	12.35	12.59	12.32	14.47	13.73	12.52
TOTAL EXPENSES	218.37	211.37	253.42	229.43	322.69	219.52	226.51	240.56	228.43	230.92	232.96	262.09	236.62	239.50
OPERATING INCOME (LOSS) BEFORE TAX	31.96	31.84	39.43	32.57	31.63	32.24	36.85	36.32	36.92	37.07	35.68	55.66	35.38	36.42
MCO TAX	31.65	30.81	31.23	31.05	30.96	30.64	32.63	32.75	32.75	32.98	32.94	33.05	32.90	32.03
OPERATING INCOME (LOSS) NET OF TAX	0.30	1.03	8.20	1.51	0.67	1.60	4.22	3.57	4.17	4.10	2.74	22.60	2.48	4.40
TOTAL NONOPERATING EXPENSE	0.08	0.57	2.51	0.56	(0.18)	0.95	0.64	0.78	2.30	0.17	0.91	0.22	0.48	0.77
NET INCREASE (DECREASE) IN NET POSITION	0.23	0.46	5.68	0.95	0.84	0.65	3.58	2.79	1.87	3.93	1.83	22.38	2.01	3.63
MEDICAL LOSS RATIO	94.4%	94.4%	91.9%	94.7%	96.3%	94.3%	93.0%	93.4%	92.9%	92.9%	93.6%	86.4%	93.1%	93.1%
ADMINISTRATIVE EXPENSE RATIO	5.6%	5.4%	5.2%	5.0%	3.8%	5.4%	5.2%	5.2%	5.3%	5.4%	5.2%	5.1%	5.7%	5.1%

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF REVENUES - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			REVENUES			
			Title XIX - Medicaid - Family & Other			
19,429,089	19,736,329	(307,240)	Premium - Medi-Cal	19,429,089	19,736,329	(307,240)
1,535,620	2,422,591	(886,971)	Premium - Maternity Kick	1,535,620	2,422,591	(886,971)
105,947	74,724	31,223	Premium - Hep C Kick	105,947	74,724	31,223
274,231	258,606	15,625	Premium - BHT Kick	274,231	258,606	15,625
1,697,597	651,319	1,046,278	Premium - Provider Enhancement	1,697,597	651,319	1,046,278
83,850	80,940	2,910	Other	83,850	80,940	2,910
23,126,334	23,224,509	(98,175)	Total Title XIX - Medicaid - Family & Other	23,126,334	23,224,509	(98,175)
			Title XIX - Medicaid - Expansion Members			
20,554,349	20,794,399	(240,050)	Premium - Medi-Cal	20,554,349	20,794,399	(240,050)
333,026	243,020	90,006	Premium - Maternity Kick	333,026	243,020	90,006
332,975	544,869	(211,894)	Premium - Hep C Kick	332,975	544,869	(211,894)
729,170	323,232	405,938	Premium - Provider Enhancement	729,170	323,232	405,938
26,206	25,456	750	Other	26,206	25,456	750
21,975,726	21,930,976	44,750	Total Title XIX - Medicaid - Expansion Members	21,975,726	21,930,976	44,750
			Title XIX - Medicaid - SPD Members			
11,179,431	11,198,120	(18,689)	Premium - Medi-Cal	11,179,431	11,198,120	(18,689)
105,947	211,894	(105,947)	Premium - Hep C Kick	105,947	211,894	(105,947)
409,771	391,982	17,789	Premium - BHT Kick	409,771	391,982	17,789
275,502	125,386	150,116	Premium - Provider Enhancement	275,502	125,386	150,116
11,970,651	11,927,381	43,270	Total Title XIX - Medicaid - SPD Members	11,970,651	11,927,381	43,270

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JANUARY 31, 2019	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
2,852,332	2,899,327	46,995	Primary Care Physician Services	2,852,332	2,899,327	46,995
9,061,015	9,160,716	99,701	Referral Specialty Services	9,061,015	9,160,716	99,701
1,290,151	1,352,195	62,044	Urgent Care & After Hours Advise	1,290,151	1,352,195	62,044
9,300	9,300	-	Hospital Admitting Team	9,300	9,300	-
13,212,798	13,421,538	208,740	TOTAL PHYSICIAN SERVICES	13,212,798	13,421,538	208,740
			OTHER PROFESSIONAL SERVICES			
245,365	259,390	14,025	Vision Service Capitation	245,365	259,390	14,025
164,801	183,437	18,636	221 - Business Intelligence	164,801	183,437	18,636
510,943	537,736	26,793	310 - Health Services - Utilization Management - UM Allocation *	510,943	537,736	26,793
80,526	101,420	20,894	311 - Health Services - Quality Improvement - UM Allocation *	80,526	101,420	20,894
93,216	90,483	(2,733)	312 - Health Services - Education - UM Allocation *	93,216	90,483	(2,733)
82,748	87,826	5,078	313 - Health Services - Pharmacy - UM Allocation *	82,748	87,826	5,078
49,343	85,845	36,502	314 - Health Homes - UM Allocation *	49,343	85,845	36,502
190,992	205,777	14,785	315 - Case Management - UM Allocation *	190,992	205,777	14,785
54,419	55,990	1,571	616 - Disease Management - UM Allocation *	54,419	55,990	1,571
638,864	650,588	11,724	Behavior Health Treatment	638,864	650,588	11,724
212,968	160,807	(52,161)	Mental Health Services	212,968	160,807	(52,161)
1,090,436	1,035,300	(55,136)	Other Professional Services	1,090,436	1,035,300	(55,136)
3,414,621	3,454,600	39,979	TOTAL OTHER PROFESSIONAL SERVICES	3,414,621	3,454,600	39,979
4,459,099	4,551,205	92,106	EMERGENCY ROOM	4,459,099	4,551,205	92,106
12,961,386	13,493,486	532,100	INPATIENT HOSPITAL	12,961,386	13,493,486	532,100
125,136	125,702	566	REINSURANCE EXPENSE PREMIUM	125,136	125,702	566
5,414,223	5,672,846	258,623	OUTPATIENT HOSPITAL SERVICES	5,414,223	5,672,846	258,623
			OTHER MEDICAL			
1,146,157	1,211,653	65,496	Ambulance and NEMT	1,146,157	1,211,653	65,496
495,461	291,152	(204,309)	Home Health Services & CBAS	495,461	291,152	(204,309)
248,953	445,757	196,804	Utilization and Quality Review Expenses	248,953	445,757	196,804
944,616	779,078	(165,538)	Long Term/SNF/Hospice	944,616	779,078	(165,538)
-	61,939	61,939	Enhanced Medical Benefits	-	61,939	61,939
2,729,133	1,099,430	(1,629,703)	Provider Enhancement Expense	2,729,133	1,099,430	(1,629,703)
5,564,320	3,889,009	(1,675,311)	TOTAL OTHER MEDICAL	5,564,320	3,889,009	(1,675,311)
			PHARMACY SERVICES			
8,596,061	8,350,924	(245,137)	RX - Drugs & OTC	8,596,061	8,350,924	(245,137)
542,465	831,487	289,022	RX - HEP-C	542,465	831,487	289,022
647,574	598,144	(49,430)	Rx - DME	647,574	598,144	(49,430)
(173,400)	(145,683)	27,717	RX - Pharmacy Rebates	(173,400)	(145,683)	27,717
9,612,700	9,634,871	22,171	TOTAL PHARMACY SERVICES	9,612,700	9,634,871	22,171
491,660	492,950	1,290	PAY FOR PERFORMANCE QUALITY INCENTIVE	491,660	492,950	1,290
-	-	-	EXPANSION RISK CORRIDOR	-	-	-
197,435	-	(197,435)	NON-CLAIMS EXPENSE ADJUSTMENT	197,435	-	(197,435)
(659,783)	-	659,783	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(659,783)	-	659,783
54,793,595	54,736,207	(57,388)	Total Medical Costs	54,793,595	54,736,207	(57,388)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
11.60	11.76	0.16	Primary Care Physician Services	11.60	11.76	0.16
36.86	37.17	0.31	Referral Specialty Services	36.86	37.17	0.31
5.25	5.49	0.24	Urgent Care & After Hours Advise	5.25	5.49	0.24
0.04	0.04	(0.00)	Hospital Admitting Team	0.04	0.04	(0.00)
53.75	54.45	0.71	TOTAL PHYSICIAN SERVICES	53.75	54.45	0.71
			OTHER PROFESSIONAL SERVICES			
1.00	1.05	0.05	Vision Service Capitation	1.00	1.05	0.05
0.67	0.74	0.07	221 - Business Intelligence	0.67	0.74	0.07
2.08	2.18	0.10	310 - Health Services - Utilization Management - UM Allocation *	2.08	2.18	0.10
0.33	0.41	0.08	311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.41	0.08
0.38	0.37	(0.01)	312 - Health Services - Education - UM Allocation *	0.38	0.37	(0.01)
0.34	0.36	0.02	313 - Health Services - Pharmacy - UM Allocation *	0.34	0.36	0.02
0.20	0.35	0.15	314 - Health Homes - UM Allocation *	0.20	0.35	0.15
0.78	0.83	0.06	315 - Case Management - UM Allocation *	0.78	0.83	0.06
0.22	0.23	0.01	616 - Disease Management - UM Allocation *	0.22	0.23	0.01
2.60	2.64	0.04	Behavior Health Treatment	2.60	2.64	0.04
0.87	0.65	(0.21)	Mental Health Services	0.87	0.65	(0.21)
4.44	4.20	(0.24)	Other Professional Services	4.44	4.20	(0.24)
13.89	14.02	0.13	TOTAL OTHER PROFESSIONAL SERVICES	13.89	14.02	0.13
18.14	18.47	0.33	EMERGENCY ROOM	18.14	18.47	0.33
52.72	54.75	2.02	INPATIENT HOSPITAL	52.72	54.75	2.02
0.51	0.51	0.00	REINSURANCE EXPENSE PREMIUM	0.51	0.51	0.00
22.02	23.02	0.99	OUTPATIENT HOSPITAL SERVICES	22.02	23.02	0.99
			OTHER MEDICAL			
4.66	4.92	0.25	Ambulance and NEMT	4.66	4.92	0.25
2.02	1.18	(0.83)	Home Health Services & CBAS	2.02	1.18	(0.83)
1.01	1.81	0.80	Utilization and Quality Review Expenses	1.01	1.81	0.80
3.84	3.16	(0.68)	Long Term/SNF/Hospice	3.84	3.16	(0.68)
0.00	0.25	0.25	Enhanced Medical Benefits	0.00	0.25	0.25
11.10	4.46	(6.64)	Provider Enhancement Expense	11.10	4.46	(6.64)
22.63	15.78	(6.86)	TOTAL OTHER MEDICAL	22.63	15.78	(6.86)
			PHARMACY SERVICES			
34.97	33.88	(1.09)	RX - Drugs & OTC	34.97	33.88	(1.09)
2.21	3.37	1.17	RX - HEP-C	2.21	3.37	1.17
2.63	2.43	(0.21)	Rx - DME	2.63	2.43	(0.21)
(0.71)	(0.59)	0.11	RX - Pharmacy Rebates	(0.71)	(0.59)	0.11
39.10	39.09	(0.01)	TOTAL PHARMACY SERVICES	39.10	39.09	(0.01)
2.00	2.00	0.00	PAY FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00	0.00
0.00	0.00	0.00	EXPANSION RISK CORRIDOR	0.00	0.00	0.00
0.80	0.00	(0.80)	NON-CLAIMS EXPENSE ADJUSTMENT	0.80	0.00	(0.80)
(2.68)	0.00	2.68	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2.68)	0.00	2.68
222.89	222.08	(0.82)	Total Medical Costs	222.89	222.08	(0.82)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES		
Primary Care Physician Services	2,852,332	2,852,332
Referral Specialty Services	9,061,015	9,061,015
Urgent Care & After Hours Advise	1,290,151	1,290,151
Hospital Admitting Team	9,300	9,300
TOTAL PHYSICIAN SERVICES	13,212,798	13,212,798
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	245,365	245,365
221 - Business Intelligence	164,801	164,801
310 - Health Services - Utilization Management - UM Allocation *	510,943	510,943
311 - Health Services - Quality Improvement - UM Allocation *	80,526	80,526
312 - Health Services - Education - UM Allocation *	93,216	93,216
313 - Health Services - Pharmacy - UM Allocation *	82,748	82,748
314 - Health Homes - UM Allocation *	49,343	49,343
315 - Case Management - UM Allocation *	190,992	190,992
616 - Disease Management - UM Allocation *	54,419	54,419
Behavior Health Treatment	638,864	638,864
Mental Health Services	212,968	212,968
Other Professional Services	1,090,436	1,090,436
TOTAL OTHER PROFESSIONAL SERVICES	3,414,621	3,414,621
EMERGENCY ROOM	4,459,099	4,459,099
INPATIENT HOSPITAL	12,961,386	12,961,386
REINSURANCE EXPENSE PREMIUM	125,136	125,136
OUTPATIENT HOSPITAL SERVICES	5,414,223	5,414,223
OTHER MEDICAL		
Ambulance and NEMT	1,146,157	1,146,157
Home Health Services & CBAS	495,461	495,461
Utilization and Quality Review Expenses	248,953	248,953
Long Term/SNF/Hospice	944,616	944,616
Enhanced Medical Benefits	-	-
Provider Enhancement Expense	2,729,133	2,729,133
Non-Medical Transportation	-	-
TOTAL OTHER MEDICAL	5,564,320	5,564,320
PHARMACY SERVICES		
RX - Drugs & OTC	8,596,061	8,596,061
RX - HEP-C	542,465	542,465
Rx - DME	647,574	647,574
RX - Pharmacy Rebates	(173,400)	(173,400)
TOTAL PHARMACY SERVICES	9,612,700	9,612,700
PAY FOR PERFORMANCE QUALITY INCENTIVE	491,660	491,660
EXPANSION RISK CORRIDOR	-	-
NON-CLAIMS EXPENSE ADJUSTMENT	197,435	197,435
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(659,783)	(659,783)
Total Medical Costs	54,793,595	54,793,595

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES		
Primary Care Physician Services	11.60	11.60
Referral Specialty Services	36.86	36.86
Urgent Care & After Hours Advise	5.25	5.25
Hospital Admitting Team	0.04	0.04
TOTAL PHYSICIAN SERVICES	53.75	53.75
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	1.00	1.00
221 - Business Intelligence	0.67	0.67
310 - Health Services - Utilization Management - UM Allocation *	2.08	2.08
311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.33
312 - Health Services - Education - UM Allocation *	0.38	0.38
313 - Health Services - Pharmacy - UM Allocation *	0.34	0.34
314 - Health Homes - UM Allocation *	0.20	0.20
315 - Case Management - UM Allocation *	0.78	0.78
616 - Disease Management - UM Allocation *	0.22	0.22
Behavior Health Treatment	2.60	2.60
Mental Health Services	0.87	0.87
Other Professional Services	4.44	4.44
TOTAL OTHER PROFESSIONAL SERVICES	13.89	13.89
EMERGENCY ROOM	18.14	18.14
INPATIENT HOSPITAL	52.72	52.72
REINSURANCE EXPENSE PREMIUM	0.51	0.51
OUTPATIENT HOSPITAL SERVICES	22.02	22.02
OTHER MEDICAL		
Ambulance and NEMT	4.66	4.66
Home Health Services & CBAS	2.02	2.02
Utilization and Quality Review Expenses	1.01	1.01
Long Term/SNF/Hospice	3.84	3.84
Enhanced Medical Benefits	0.00	0.00
Provider Enhancement Expense	11.10	11.10
Non-Medical Transportation	0.00	0.00
TOTAL OTHER MEDICAL	22.63	22.63
PHARMACY SERVICES		
RX - Drugs & OTC	34.97	34.97
RX - HEP-C	2.21	2.21
Rx - DME	2.63	2.63
RX - Pharmacy Rebates	(0.71)	(0.71)
TOTAL PHARMACY SERVICES	39.10	39.10
PAY FOR PERFORMANCE QUALITY INCENTIVE	2.00	2.00
EXPANSION RISK CORRIDOR	0.00	0.00
NON-CLAIMS EXPENSE ADJUSTMENT	0.80	0.80
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2.68)	(2.68)
Total Medical Costs	222.89	222.89

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
298,677	258,313	(40,364)	110 - Executive	298,677	258,313	(40,364)
149,967	158,992	9,025	210 - Accounting	149,967	158,992	9,025
401,536	617,731	216,195	220 - Management Information Systems	401,536	617,731	216,195
205	18,733	18,528	221 - Business Intelligence	205	18,733	18,528
255,998	338,853	82,855	225 - Infrastructure	255,998	338,853	82,855
510,558	472,144	(38,414)	230 - Claims	510,558	472,144	(38,414)
85,314	109,760	24,446	240 - Project Management	85,314	109,760	24,446
86,447	96,311	9,864	310 - Health Services - Utilization Management	86,447	96,311	9,864
25,633	33,602	7,969	311 - Health Services - Quality Improvement	25,633	33,602	7,969
23	375	352	312 - Health Services - Education	23	375	352
127,668	126,282	(1,386)	313- Pharmacy	127,668	126,282	(1,386)
556	500	(56)	314 - Health Homes	556	500	(56)
12,191	13,285	1,094	315 - Case Management	12,191	13,285	1,094
20,405	20,738	333	616 - Disease Management	20,405	20,738	333
267,760	241,230	(26,530)	320 - Provider Relations	267,760	241,230	(26,530)
470,954	491,806	20,852	330 - Member Services	470,954	491,806	20,852
319,181	370,472	51,291	340 - Corporate Services	319,181	370,472	51,291
57,536	62,743	5,207	360 - Audit & Investigative Services	57,536	62,743	5,207
24,987	64,498	39,511	410 - Advertising Media	24,987	64,498	39,511
48,311	64,750	16,439	420 - Sales/Marketing/Public Relations	48,311	64,750	16,439
211,647	188,680	(22,967)	510 - Human Resourses	211,647	188,680	(22,967)
-	(202,880)	(202,880)	Budgeted Administrative Vacancy and Timing Factor	-	(202,880)	(202,880)
3,375,554	3,546,917	171,363	Total Administrative Expenses	3,375,554	3,546,917	171,363

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JANUARY 31, 2019	JANUARY 2019	YEAR TO DATE 2019
110 - Executive	298,677	298,677
210 - Accounting	149,967	149,967
220 - Management Information Systems (MIS)	401,536	401,536
221 - Business Intelligence	205	205
225 - Infrastructure	255,998	255,998
230 - Claims	510,558	510,558
240 - Project Management	85,314	85,314
310 - Health Services - Utilization Management	86,447	86,447
311 - Health Services - Quality Improvement	25,633	25,633
312 - Health Services - Education	23	23
313- Pharmacy	127,668	127,668
314 - Health Homes	556	556
315 - Case Management	12,191	12,191
616 - Disease Management	20,405	20,405
320 - Provider Relations	267,760	267,760
330 - Member Services	470,954	470,954
340 - Corporate Services	319,181	319,181
360 - Audit & Investigative Services	57,536	57,536
410 - Advertising Media	24,987	24,987
420 - Sales/Marketing/Public Relations	48,311	48,311
510 - Human Resourses	211,647	211,647
Total Department Expenses	3,375,554	3,375,554

KHS3/26/2019
Management Use Only

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF JANUARY 31, 2019

ASSETS	JANUARY 2019	DECEMBER 2018	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 1,464,576	$ 1,454,628	9,948
Interest Receivable	2,800	8,599	(5,799)
Prepaid Expenses & Other Current Assets	4,167	5,000	(833)
TOTAL CURRENT ASSETS	$ 1,471,543	$ 1,468,227	$ 3,316

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	13,840	13,840	-
Other Liabilities	353,849	353,849	-
TOTAL CURRENT LIABILITIES	$ 367,689	$ 367,689	$ -

NET POSITION:			
Net Position- Beg. of Year	1,100,538	1,081,027	19,511
Increase (Decrease) in Net Position - Current Year	3,316	19,511	(16,195)
Total Net Position	$ 1,103,854	$ 1,100,538	$ 3,316
TOTAL LIABILITIES AND NET POSITION	$ 1,471,543	$ 1,468,227	$ 3,316

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2019

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
-	-	-	Members	-	-	-
			REVENUES			
-	-	-	Premium	-	-	-
2,800	-	2,800	Interest	2,800	-	2,800
1,350	-	1,350	Other Investment Income	1,350	-	1,350
4,150	-	4,150	TOTAL REVENUES	4,150	-	4,150
			EXPENSES			
			Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
4,150	-	4,150	GROSS MARGIN	4,150	-	4,150
			Administrative			
834	-	(834)	Management Fee Expense and Other Admin Exp	834	-	(834)
834	-	(834)	Total Administrative Expenses	834	-	(834)
834	-	(834)	TOTAL EXPENSES	834	-	(834)
3,316	-	3,316	OPERATING INCOME (LOSS)	3,316	-	3,316
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
3,316	-	3,316	NET INCREASE (DECREASE) IN NET POSITION	3,316	-	3,316
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
20%	0%	-20%	ADMINISTRATIVE EXPENSE RATIO	20%	0%	-20%

KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT

KERN HEALTH SYSTEMS

MEDI-CAL	2019 MEMBER MONTHS	JAN'19	FEB'19	MAR'19	APR'19	MAY'19	JUN'19	JUL'19	AUG'19	SEP'19	OCT'19	NOV'19	DEC'19
ADULT AND FAMILY													
PA - FAMILY	34,526	34,526											
MN - FAMILY	0	0											
REFUGEE - FAMILY	0	0											
FOSTER CARE	720	720											
POVERTY-133/200%	1	1											
POVERTY-100%	0	0											
MI - CHILD	108,363	108,363											
CHILD-ACA	41	41											
FAMILY - UNDER 19	22,145	22,145											
SUB-TOTAL ADULT & FAMILY	165,796	165,796	0	0	0	0	0	0	0	0	0	0	0
MEDI-CAL EXPANSION													
LIHP Transition Pre-ACA	5	5											
ACA Expansion Adult-Citizen	58,680	58,680											
ACA Expansion CAL Fresh Adult	4	4											
LIHP Transition Pre-ACA	440	440											
SUB-TOTAL MANDATORY	59,129	59,129	0	0	0	0	0	0	0	0	0	0	0
SDP MEMBERS													
SSI -AGED	182	182											
MN - AGED	1,621	1,621											
SSI - BLIND & DIS-ABLED	12,333	12,333											
MN - BLIND & DIS-ABLED	449	449											
SUB-TOTAL MANDATORY SPD	14,585	14,585	0	0	0	0	0	0	0	0	0	0	0
TOTAL MANDATORY	239,510	239,510	0	0	0	0	0	0	0	0	0	0	0
OTHER MEMBERS													
BCCTP-TOBACCO SETTLEMENT	23	23											
DUALS													
PA - FAMILY DUALS	18	18											
PART D SSI -AGED	838	838											
PART D MN - AGED	1,510	1,510											
PART D SSI - BLIND & DIS-ABLED	2,471	2,471											
PART D MN - BLIND & DIS-ABLED	1,082	1,082											
PART D BCCTP-TOBACCO SETTLEMENT	1	1											
PART D MI - ADULT	0	0											
PART D MI - CHILD	377	377											
SUB-TOTAL DUALS	6,297	6,297	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHERS	6,320	6,320	0	0	0	0	0	0	0	0	0	0	0
TOTAL KAISER	8,329	8,329											
TOTAL MEDI-CAL MEMBERS	254,159	254,159	0	0	0	0	0	0	0	0	0	0	0

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to- Date	Description	Department
T4290	S.C. ANDERSON, INC.	1,526,499.79	13,297,524.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT-NEW BUILDING
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	599,561.89	1,448,392.16	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
T2918	STINSON'S	430,142.38	510,673.02	OFFICE SUPPLIES; NEW BUILDING FURNITURE DEPOSIT	VARIOUS
T1045	KAISER FOUNDATION HEALTH	421,469.68	4,834,947.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	228,449.83	475,612.07	2018-2019 (2ND INSTALLMENT) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T2469	DST HEALTH SOLUTIONS, INC.	137,110.80	253,910.80	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T2726	DST PHARMACY SOLUTIONS, INC.	95,843.67	1,134,644.01	MONTHLY PHARMACY AND CLAIMS PROCESSING 2018	PHARMACY
T4237	FLUIDEDGE CONSULTING, INC.	92,066.06	1,992,013.32	PROFESSIONAL RESOURCES FOR PROJECT IMPLEMENTATIONS/ CAPITAL PROJECTS	VARIOUS
T4699	ZeOMEGA, INC.	84,737.50	1,991,302.35	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	56,240.62	213,638.82	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T2707	ACT 1 PERSONNEL SERVICES, INC.	49,710.42	331,838.48	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T4165	SHI INTERNATIONAL CO.	47,547.50	261,293.15	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T4350	COMPUTER ENTERPRISE INC.	46,477.66	1,955,342.12	2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS
T4546	LEVEL 3 COMMUNICATIONS, LLC	42,877.88	248,125.24	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T4696	ZNALYTICS, LLC	39,920.00	679,003.24	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4582	HEALTHX, INC.	39,200.00	508,300.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T3469	CPACINC.COM INC	32,945.42	46,786.20	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T4496	VOX NETWORK SOLUTIONS****	29,976.00	29,976.00	ENGAGE WORKFORCE MANAGEMENT SOFTWARE SOLUTIONS - MAINTENANCE OF TELEPHONES	MIS INFRASTRUCTURE
T4308	TRUXTUN PLACE PARTNERS	28,301.04	363,336.92	TRUXTUN - 2018 MONTHLY LEASE & UTILITIES	CORPORATE SERVICE
T4982	NGC US, LLC	27,230.00	130,570.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOMES

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to- Date	Description	Department
T5013	ELIZA CORPORATION****	22,520.00	22,520.00	HEALTH SERVICES MEMBER OUTREACH CALLS	HEALTH EDUCATION
T3011	OFFICE ALLY, INC.	22,108.25	218,466.25	2018 EDI CLAIM PROCESSING	CLAIMS
T4396	KAISER FOUNDATION HEALTH-DHMO	19,332.33	201,750.73	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	16,107.15	184,006.91	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T2840	ATALASOFT, INC.	15,855.00	29,451.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4193	TECHNOSOCIALWORK.COM DBA STRIA	15,184.59	403,598.08	2018 OCR SERVICES	CLAIMS
T4967	ADMINISTRATIVE SOLUTIONS, INC.	14,731.20	74,877.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T2562	CACTUS SOFTWARE LLC	13,458.41	27,458.41	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
T4801	ZEAL STAFFING LLC, DBA Z STAFFING	12,343.05	110,738.81	TEMPORARY LABOR	VARIOUS
T1005	COLONIAL LIFE & ACCIDENT	11,922.32	35,618.26	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4902	CHANGE HEALTHCARE, LLC	11,567.01	300,929.23	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T2413	TREK IMAGING INC	11,062.87	241,298.16	MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T1861	CERIDIAN HCM, INC.	10,148.08	132,089.32	DAYFORCE MONTHLY SUBSCRIPTION FEE	HUMAN RESOURCES
T3454	DEPARTMENT OF MANAGED HEALTH CARE****	10,000.00	10,000.00	LETTER OF AGREEMENT ENDORSEMENT MATTER #18-440 & 18-688	ADMINISTRATION
T4884	GAINE SOLUTIONS, INC.	10,000.00	70,000.00	ANNUAL HOSTING FEE (SPR/SPI) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
		4,272,648.40			
	TOTAL VENDORS OVER $10,000	4,272,648.40			
	TOTAL VENDORS UNDER $10,000	247,812.75			
	TOTAL VENDOR EXPENSES- DECEMBER	**$ 4,520,461.15**			

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

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4290	S C ANDERSON, INC	13,297,524.46	PRE-CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	4,834,947.00	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4738	AMERICAN LOGISTICS COMPANY, LLC	2,557,002.46	DEC 2017& 2018 MEDICAL/NON MEDICAL TRANSPORTATION MEMBER BENEFIT	MEMBER SERVICES
T4237	FLUIDEDGE CONSULTING, INC.	1,992,013.32	NOV. - DEC. 2017 ; 2018 ,CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING/ ALCHEMY ANNUAL LICENSE AND MAINTENANCE	VARIOUS
T4699	ZeOMEGA, INC.	1,991,302.35	PROFESSIONAL SERVICES MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T4350	COMPUTER ENTERPRISE INC.	1,955,342.12	2018 PROFESSIONAL SERVICES / NOV. - DEC. 2017 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	1,448,392.16	2018 SERVICES, BASIC 101, QNXT CORE SOLUTIONS	MIS INFRASTRUCTURE
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.	1,134,644.01	PHARMACY AND CLAIMS PROCESSING - 2018	PHARMACY
T4391	OMNI FAMILY HEALTH	989,578.75	SEPT- DEC. 2017 , 2018 HOME HEALTH GRANT / CONSTRUCTION	COMMUNITY GRANTS
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 OMMISSION, EARTHQUAKE & NFLODD INSURANCE 2018-19	CAPITAL PROJECT IN PROGRESS / INSURANCE
T4696	ZNALYTICS, LLC	679,003.24	2018 PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROGRESS
T3130	OPTUMINSIGHT, INC.	655,445.00	CES DIRECT LICENSE - 12/17 - 12/18 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T3449	CDW GOVERNMENT	623,273.70	HARDWARE AND LICENSES - 20 ADOBE ACRO 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 2018 USAGE/UTILITIES	CAPITAL PROJECT IN PROGRESS - NEW BUILDING/ CORPORATE SERVICES

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T2918	STINSON'S	510,673.02	OFFICE SUPPLIES	VARIOUS
T4582	HEALTHX, INC.	508,300.00	IMPLEMENTATION FEE- MEMBER ENHANCEMENT PROVIDER AND MEMBER PORTAL	CAPITAL PROJECT - MEMBER & PROVIDER PORTAL
T1408	DELL MARKETING L.P.	493,983.06	HARDWARE- 6- LATITUDE E5480, 1 DELL SMART PRINTER, 6510, 20 OPTIPLEX 3050 DESKTOPS SOFTWARE LICENSE SUBSCRIPTION/SUPPORT BATTERY REPLACEMENTS	MIS INFRASTRUCTURE
T1845	DEPARTMENT OF MANAGED HEALTH CARE	475,612.07	2018-2019 (1ST AND 2ND INSTALLMENTS) MHC ANNUAL ASSESSMENT	ADMINISTRATION
T3460	THE GUARDIAN LIFE INSURANCE CO.	470,213.63	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE.	VARIOUS
T4695	EDIFECS, INC.	429,837.85	2018 CONSULTING SERVICES	CAPITAL PROJECT IN PROGRESS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	403,598.08	2018 OCR SERVICES	CLAIMS
T4308	TRUXTUN PLACE PARTNERS	363,336.92	TRUXTUN- 2018 LEASE & UTILITIES	CORPORATE SERVICES
T2292	CITY OF BAKERSFIELD	355,147.99	NEW BUILDING PERMIT FEES	CAPITAL PROJECT - NEW BUIDLING
T4685	NATIONAL GIFT CARD CORP	336,311.40	MEMBER INCENTIVES	HOME HEALTH/HEALTH EDUCATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	331,838.48	TEMPORARY HELP - MIS -2 ; MS -2 ; CS - 1;	VARIOUS
T4902	CHANGE HEALTHCARE LLC	300,929.23	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T4165	SHI INTERNATIONAL CO.	261,293.15	STORAGE MAINTENANCE/ HARDWARE	CAPITAL PROJECT IN PROCESS
T2469	DST HEALTH SOLUTIONS, INC.	253,910.80	2018 MHC SOFTWARE - LICENSE FEE, MAINTENANCE, AND SUPPORT & ADJUSTED CLINICAL GROUP SYSTEM	MIS INFRASTRUCTURE
T1183	MILLIMAN USA	232,385.63	NOV- DEC 2017 & 2018 ACTUARIAL SERVICES, RDT, 2018 RATE SUPPORT, VALUE-BASED PURCHASING ANALYSIS, OTHER CONSULTING SERVICES	ADMINISTRATION
T4546	LEVEL 3 COMMUNICATIONS, LLC	248,125.24	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T2413	TREK IMAGING INC	241,298.16	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC	226,105.71	DEC 17 HEALTH HOME GRANT	COMMUNITY GRANTS
T3011	OFFICE ALLY, INC.	218,466.25	2018 EDI CLAIM PROCESSING	CLAIMS

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	213,638.82	2018 VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4396	KAISER FOUNDATION HEALTH-DHMO	201,750.73	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	184,006.91	2018 ELECTRONIC CLAIMS/PAYMENTS	CLAIMS
T2584	UNITED STATES POSTAL SVC.-HASLER	170,000.00	POSTAGE-METERED	VARIOUS
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
T4331	COTIVITI, INC	137,742.60	QUALITY INTELLIGENCE ANNUAL LICENSE FEE	QUALITY IMPROVEMENT
T4452	WELLS FARGO	136,035.90	EXECUTIVE, MISC CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T1861	CEREDIAN BENEFITS SERVICES	132,089.32	DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4873	L5 HEALTHCARE SOLUTIONS, INC.	132,000.00	ONE TIME LICENSE FEE/IMPLEMENTATION/ANNUAL MAINTENANCE & SUPPORT FEES-ALCHEMY	CAPITAL PROJECT IN PROGRESS
T4982	NGC US, LLC	130,570.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOME
T4478	AMERICAN FIDELITY ASSURANCE COMPANY	127,884.21	EMPLOYEE PREMIUMS FLEX	HEALTH SAVINGS
T4654	DELAWIE	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
T4801	ZEAL STAFFING LLC DBA Z STAFFING	110,738.81	TEMPORARY LABOR	VARIOUS
T4792	KP LLC	102,012.84	DRUG FORMULARY	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION	100,000.00	VALLEY FEVER INSTITUE DONATION	MARKETING
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	MEDISOFTRX, LLC,	95,985.18	2018 PROFESSIONAL SERVICES-HOME HEALTH PROJECT	CAPITAL PROJECT IN PROGRESS
T4294	PAOLA DELGADO DBA J SERVICES JANITORIAL	92,699.00	JANITORIAL SERVICES	CORPORATE SERVICES

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T2961	SOLUTION BENCH, LLC	89,212.32	M-FILES LICENSES & MAINTENANCE	MIS INFRASTRUCTURE
T4785	COMMGAP	86,662.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T2287	CALIFORNIA WATER SERVICE	79,429.29	UTILITIES - NEW BUILDING SERVICES / WATER SERVICES	CAPITAL PROJECT-NEW BUILDING / WATER
T4967	ADMINISTRATIVE SOLUTIONS, INC	74,877.54	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
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
T4884	GAINES SOLUTIONS , INC.	70,000.00	ANNUAL HOSTING FEE (SPR/SPI) CONSULTING SERVICES - SB137 PROVIDER DATA VALIDATION CONSULTANT	PROVIDER RELATIONS
T1785	AT&T	67,466.91	NEW BUILDING UNDERGROUND UTILITIES TELEPHONE SERVICE	CAPITAL PROJECT IN PROGRESS / MIS
T1644	BRIGHT HOUSE NETWORK	66,786.61	UNDERGROUND UTILITIES FOR NEW BUILDING.INTERNET FOR STOCKDALE LOCATION	CAPITAL PROJECT - NEW BUILDING / MIS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2018 ACAP DUES	ADMINISTRATION
T1597	BAKERSFIELD MEMORIAL HOSP	64,186.85	DEC., 2017 BMH DIABETIC AGREEMENT & GROW CLINIC	COMMUNITY GRANTS
T2446	AT&T MOBILITY	60,207.30	CELLULAR PHONE / INTERNET	MIS
T4899	SUMEET BHINDER, MD INC	60,167.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T3077	VMWARE, INC	59,544.72	VSPHERE 5 ENTERPRISE RENEWAL	MIS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	57,621.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T4433	MICRO-DYN MEDICAL SYSTEMS INC	53,880.00	ANNUAL LICENSE	MIS
T4561	SRI & SHARMA, LLC	52,500.00	PARKING RENTAL	CORPORATE SERVICES
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
T2969	AMERICAN BUSINESS MACHINES INC	50,084.07	CANON IMAGE FORMULA DR-X10C II SCANNER, WITH ANNUAL MAINTENANCE CONTRACT	MIS - INFRASTRUCTURE

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T1180	LANGUAGE LINE SERVICES, INC	49,913.03	INTERPRETATION SERVICES	MEMBER SERVICES
T3986	JACQUELYN S JANS	49,617.00	PROFESSIONAL SERVICES MARKETING AND PR SERVICES	ADMINISTRATION/MARKETING
T4415	DANIELLS, PHILLIPS, VAUGHN & BOCK	49,175.00	FINANCIAL REPORTING SERVICES	ADMINISTRATIVE
T4733	UNITED STAFFING ASSOCIATES	48,995.49	TEMPORARY LABOR	VARIOUS
T4183	LAMAR ADVERTISING OF BAKERSFIELD	48,025.00	BILLBOARD ADVERSTISING	MEDIA & ADVERTISING
T3469	CPACINC.COM INC	46,786.20	SOLARWINDS DATABASE PERFORMANCE ANALYZER PER SQL SERVER, MYSQL, ORACLE-ANNUAL MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T4483	PREMIER VALLEY MEDICAL GROUP	46,105.75	HEALTH HOME GRANT	HEALTH HOME
T4563	SPH ANALYTICS	45,986.00	MEMBER SATISFACTION SURVEY	MEMBER SERVICES /PROVIDER RELATIONS
T4739	SECURITAS SECURITY SERVICES USA INC	45,722.88	SECURITY SERVICES	CORPORATE
T4039	KERN RURAL WELLNESS CENTERS, INC	45,647.13	PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4653	FORMS ON FIRE INC	45,268.25	FORMS ON FIRE-SITE REVIEW AUTOMATION PROJECT-FORM DESIGN FOR 5 FORMS	CAPITAL PROJECT IN PROCESS
T4216	NEXSTAR BROADCASTING INC	45,023.00	MEDIA - ADVERTISEMENTS	MARKETING
T4977	HE T4 SOLUTIONS, LLC	44,678.50	PROFESSIONAL CONSULTANTS BASED ON TIME AND MATERIAL BASIS	MIS
T4345	ASHOK PARMAR	44,254.04	NOV 2017 PROVIDER RECRUITMENT, & RETENTION GRANT	COMMUNITY GRANTS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	42,587.25	ONSITE SECURITY	CORPORATE SERVICES
T3084	KERN COUNTY - COUNTY COUNSEL	41,686.60	LEGAL FEES	ADMINISTRATIVE
T4537	BURKE, WILLIAMS & SORENSEN, LLP	40,290.51	OCT- DEC 2017, 2018 LEGAL SERVICES (NEW BUILDING)	CAPITAL PROJECT-NEW BUILDING
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
T1022	UNUM LIFE INSURANCE CO.	37,666.80	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4607	AGILITY RECOVERY SOLUTIONS, INC.	36,288.00	DISASTER RECOVERY & BUSINESS CONTINUITY SERVICE	AIS
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
T2441	LAURA BREZINSKI	36,105.00	MARKETING MATERIALS	MARKETING
T4767	VALLEY ANESTHESIA ASSOCIATES, INC	36,016.42	OCT 17 PROVIDER RECRUITMENT AND RETENTION GRANT	COMMUNITY GRANTS
T4228	THE SSI GROUP, LLC	35,779.60	EDI CLAIMS	CLAIMS
T1005	COLONIAL LIFE & ACCIDENT	35,618.26	2018 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	34,831.00	LEGAL SERVICES	ADMINISTRATION
T4182	THE LAMAR COMPANIES	33,629.00	PRODUCTION FEE FOR ADS ON BUSES	MARKETING
T4657	DAPONDE SZABO ROWE PC	33,399.50	CONSULTING SERVICES TO REVIEW CONTRACTS	PROVIDER RELATIONS
T3990	SPARKLETTS, INC	32,201.47	BOTTLED WATER SERVICE	VARIOUS
T4496	VOX NETWORK SOLUTIONS****	29,976.00	ENGAGE WORKFORCE MANAGEMENT SOFTWARE SOLUTIONS - MAINTENANCE OF TELEPHONES	MIS INFRASTRUCTURE
T1347	ADVANCED DATA STORAGE	29,902.60	SHREDDING SERVICE / STORAGE	CORPORATE SERVICES
T2840	ATALASOFT, INC.	29,451.00	2018 SOFTWARE SUPPORT & MAINTENANCE FOR DOTIMAGE	MIS INFRASTRUCTURE
T4195	SCRIPPS MEDIA , INC DBA KERO-TV	29,084.75	MEDIA - TELEVISON ADVERTISEMENTS	MARKETING
T2562	CACTUS SOFTWARE LLC	27,458.41	2018 API LICENSE AGREEMENT RENEWAL	MIS INFRASTRUCTURE
T4955	DOGHOUSE GRILL LLC	27,331.00	EMPLOYEE RECOGNITION AND SERVICE AWARD PICNIC - 2018 CATERING	MARKETING
T1189	APPLE ONE INC	27,317.36	TEMPORARY LABOR	VARIOUS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	27,000.00	LEASE AGREEMENT PARKING SPACE -STOCKDALE HWAY	CORPORATE SERVICES
T2232	DLT SOLUTIONS, LLC	26,537.76	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4390	SOLARWINDS WORLDWIDE, LLC	26,000.00	SOFTWARE LICENSES - 2018	MIS
T4708	HEALTH MANAGEMENT ASSOCIATES INC	25,046.25	CONSULTING SERVICES -2018 PROJ KHS TIMELY ACCESS REPORT	ADMINISTRATION

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4503	VISION SERVICE PLAN	24,413.63	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T1650	UNIVISION TELEVISION GROUP	24,225.00	TELEVISION ADVERTISEMENT WITH THE GOAL OF MEMBER RETENTION	MARKETING
T3076	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY	24,023.21	2017-2018 ANNUAL WORKERS' COMPENSATION	VARIOUS
T4906	EVERLASTING HEALTHCARE	23,760.00	REIMBURSEMENT PROVIDER FOR CLAIMS PAID UNDER INCORRECT PROVIDER BANK ACCOUNT RETURNED BY EL MONTE MED CK 1024	CLAIMS
T4992	CJM AUTOMOTIVE GROUP, INC. DBA BAKERSFIELD CHRYS	23,228.65	ADDITIONAL CAR FOR KHS - 2018 DODGE CARAVAN	CORPORATE SERVICE
T5013	ELIZA CORPORATION****	22,520.00	HEALTH SERVICES MEMBER OUTREACH CALLS	HEALTH EDUCATION
T4417	KAISER FOUNDATION HEALTH PLAN	21,959.40	2018 EMPLOYEE HEALTH BENEFITS	VARIOUS
T2955	DELTA ELECTRIC INC	21,046.00	PROPOSAL FOR RELOCATION OF 2ND CCTV CAMERA & SEALING OF ELEVEN AT STOCKDALE	CORPORATE SERVICES
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
T4731	LOGMEIN USA INC	19,651.80	GoToMEETINGS CORPORATE SERVICES / GoTo WEBINAR SERVICE	MIS
T4933	HOLLY J. CULHANE DBA PROFESSIONAL ADMINISTRATIVE SYSTEMS	19,387.50	PROFESSIONAL ADMINISTRATIVE SYSTEMS	ADMINISTRATION
T4883	MARTHA TASINGA	19,003.95	TEMPORARY HOUSING EXPENSE/REIMBURSEMENT	HUMAN RESOURCES
T2407	KAISER FOUNDATION HEALTH	18,859.02	COBRA-INSURANCE	PAYROLL DEDUCTION
T4544	BARNES WEALTH MANAGEMENT GROUP	18,375.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T4932	CHARTER COMMUNICATIONS HOLDINGS,LLC DBA SPECTRUM REACH	18,280.35	TELEVISION ADVERTISEMENT WITH GOAL OF MEMBER RETENTION	MARKETING
T1032	THE BAKERSFIELD CALIFORNIAN	18,027.62	EMPLOYMENT AD	HUMAN RESOURCE
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

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
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
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
T4230	COFFEE BREAK SERVICE INC	17,090.20	COFFEE SUPPLIES -STOCKDALE & TRUXTUN	CORPORATE SERVICE
T3378	CARRIER CORPORATION	16,640.94	SERVICE AGREEMENT	CORPORATE SERVICE
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
T4521	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
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
T1152	MICHAEL K. BROWN LANDSCAPE INC.	14,877.64	BUILDING MAINTENANCE	CORPORATE SERVICES
T1742	CHANNING L. BETE CO., INC	14,766.94	HEDIS (ENG/SPN) NUTRITION BOOKLETS	QUALITY IMPROVEMENT
T4239	COAST TO COAST COMPUTER PRODUCTS	14,606.88	COMPUTER PRODUCTS	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	14,291.54	EXECUTIVES INSURANCE BENEFITS	ADMINISTRATION
T4384	PINNACLE PRIMARY CARE, INC.	14,049.16	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS	COMMUNITY GRANTS
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	13,349.03	SUBMITTED 2013 UNCLAIMED PROPERTY	ACCOUNTING

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4425	PRO RESTORATION SERVICES INC	12,859.75	RESTORATION - STRUCTURAL REPAIR, WATER EXTRACTION AND REMEDIATION	CORPORATE SERVICES
T3065	CAREERBUILDER. LLC	12,750.00	JOB POSTINGS & ADVERTISEMENT	HUMAN RESOURCE
T4760	CAMERON CHANG	12,750.00	MAY-DEC,2017 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4297	PRAGMATIC WORKS SOFTWARE	12,500.80	3 YEAR RENEWAL MAINTENANCE WORKBENCH PRO UPGRADE	MIS
T2787	SAGE SOFTWARE	12,474.00	PROFESSIONAL SERVICES	ACCOUNTING
T4961	ALLEGIS GROUP HOLDINGS, INC.	12,464.27	TEMPORARY EMPLOYEE SERVICES	UTILIZATION MANAGEMENT
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
T2578	AMERICAN HEART ASSOCIATION - KERN COUNTY****	12,000.00	2019 HEART WALK & GO RED FOR WOMEN SPONSORSHIP	MARKETING
T4759	RALPH GARCIA-PACHECO JUAREZ****	11,937.50	2018 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T1263	THE GAS COMPANY	11,888.68	UTILITIES	CORPORATE SERVICES
T4683	CLAUDIA M. BACA	11,875.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T4935	RKL LLP	11,866.37	SAGE LICENSE RENEWAL & 3 ADDITONAL USERS	ACCOUNTING
T2300	AT&T LONG DISTANCE	11,709.87	LONG DISTANCE	MIS
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
T4694	KELLY SERVICES, INC.	10,875.93	TEMPORARY EMPLOYEE SERVICES	VARIOUS
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
T1996	SEQUOIA SANDWICH CO	10,742.80	MEETING FOOD EXPENSES	VARIOUS

KERN·HEALTH SYSTEMS

December AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4431	ALAN AVERY	10,609.68	EMPLOYEE TRAVEL AND MILEAGE REIMBURSEMENT	ADMINISTRATION
T4871	KATHRYN HARPER	10,500.00	2017-2018 TUITION REIMBURSEMENT	HUMAN RESOURCE
T4707	SHAFTER PEDIATRICS	10,144.82	2016-2017 PROVIDER RECRUITMENT & RETENTION GRANTS & SPRING HEALTH FAIR SPONSORSHIP	COMMUNITY GRANTS
T3502	VIRTUAL GRFFITI, INC	10,041.54	SOFTWARE LICENSE - 2018	MIS
T4936	SEEPOINT, LLC	10,026.89	VANTAGEPOINT KIOSK SYSTEM 5/30/18-5/29/19 PURCHASE AND MAINTENANCE	MIS
T3454	DEPARTMENT OF MANAGED HEALTH CARE****	10,000.00	LETTER OF AGREEMENT ENDORSEMENT MATTER #18-440 & 18-688	ADMINISTRATION
		50,918,312.44		
	TOTAL VENDORS OVER $10,000	50,918,312.44		
	TOTAL VENDORS UNDER $10,000	925,163.62		
	TOTAL VENDOR EXPENSES- DECEMBER	**$ 51,843,476.06**		

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

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T4290	S.C. ANDERSON, INC.	2,158,786.60	NEW BUILDING CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T4699	ZeOMEGA, INC.	496,906.48	2019 ANNUAL LICENSE AND MAINTENANCE / PROFESSIONAL SERVICES - MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T1045	KAISER FOUNDATION HEALTH	422,159.68	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5015	SENTINEL ENGINEERING	408,965.98	JUNIPER NETWORKS HARDWARE, SOFTWARE, LICENSING AND SUPPORT FOR 1 YEAR FOR NEW BUILDING	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T2167	PG&E	277,732.35	ANNUAL TRUE-UP FOR 2018 USAGE/UTILITIES	CORPORATE SERVICES
T5005	CRAYON SOFTWARE EXPERTS LLC	272,333.82	ANNUAL MICROSOFT ENTERPRISE AGREEMENT	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE INC.	204,348.17	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECTS IN PROCESS/ MIS
T3449	CDW GOVERNMENT	124,845.97	FORTINET FORTIGATE FIREWALL APPLIANCES, LICENSES, AND SUPPORT	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T2726	DST PHARMACY SOLUTIONS, INC.	94,061.99	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	92,917.75	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT - NEW BUILDING
T4982	NGC US, LLC	75,000.00	PREFUND HEALTH HOMES INCENTIVE	HEALTH HOMES
T4686	CENTRIC HEALTH	69,518.58	TRANSITION OF CARE CLINIC FUNDING - JUNE 2018- NOVEMBER 2018	UTILIZATION MANAGEMENT
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2019 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T1272	COFFEY COMMUNICATIONS INC.	58,212.00	WEBSITE IMPLEMENATION	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	57,972.95	PROFESSIONAL SERVICES - NETWORKX MODELER AND PRICER	CAPITAL PROJECT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	56,202.62	VOLUNTARY LIFE AD&D, DENTAL INSURANCE	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	54,003.59	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	53,551.68	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING	VARIOUS
T4963	LINKEDIN CORPORATION	52,000.00	ONLINE JOB POSTINGS/CANDIDATE SEARCH CAPABILITIES	HUMAN RESOURCES
T5025	SHANNON M DEAN	50,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T2707	ACT 1 PERSONNEL SERVICES, INC.	47,878.96	TEMPORARY HELP - MIS ; MS; CS	VARIOUS
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	43,043.00	LEGAL SERVICES	ADMINISTRATION

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T1408	DELL MARKETING L.P.	39,312.41	SOFTWARE LICENSE	MIS
T4582	HEALTHX, INC.	39,200.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS
T4696	ZNALYTICS, LLC	34,720.00	PROFESSIONAL SERVICES	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T4193	TECHNOSOCIALWORK.COM DBA STRIA	33,863.46	OCR SERVICES	CLAIMS
T4308	TRUXTUN PLACE PARTNERS	26,523.00	TRUXTUN - RENT & UTILITIES	CORPORATE SERVICES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	26,317.32	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4165	SHI INTERNATIONAL, CO.	26,214.04	STORAGE MAINTENANCE/ HARDWARE	VARIOUS
T5024	GALLAGHER BENEFIT SERVICES INC	24,750.00	REVIEW CURRENT PBM RFP QUESTIONNAIRE AND ADD ANY MODIFICATIONS	UTILIZATION MANAGEMENT
T4396	KAISER FOUNDATION HEALTH-DHMO	21,541.73	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4546	LEVEL 3 COMMUNICATIONS, LLC	21,078.64	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	PROVIDER RELATIONS
T4902	CHANGE HEALTHCARE LLC	20,014.60	EDI CLAIMS, CLAIM CHECK	CLAIMS / MIS
T2232	DLT SOLUTIONS, LLC	18,884.25	SQL SERVER MAINTENANCE CONTRACT	MIS INFRASTRUCTURE
T4654	DELAWIE	18,536.50	ARCHITECTURAL SERVICES	CAPITAL PROJECT - NEW BUILDING
T1183	MILLIMAN USA	18,053.25	ACTUARIAL SERVICES, 2018 CLAIM LIABILITY	ADMINISTRATION
T4583	SOILS ENGINEERING, INC	16,640.00	SOIL SAMPLING OBSERVATION - OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT- NEW BUILDING
T1861	CERIDIAN HCM, INC.	15,860.32	DAYFORCE MONTHLY SUBSCRIPTION FEE	HUMAN RESOURCES
T5030	KHOA NGUYEN DBA KN CONSULTING, LLC	15,000.00	CONSULTING SERVICES - GROUP INITIATIVE PROPOSAL	CORPORATE SERVICE
T4873	L5 HEALTHCARE SOLUTIONS, INC.	14,915.00	LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL	MIS
T4452	WELLS FARGO	14,694.23	EXECUTIVE, CORPORATE SERVICES, PROVIDER RELATIONS, MISC TRAVEL EXPENSES	VARIOUS
T2413	TREK IMAGING INC	13,162.67	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4991	FANELLIPM	12,940.00	NEW BUILDING RELOCATION MANAGEMENT	CAPITAL PROJECT-NEW BUILDING

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T3084	KERN COUNTY - COUNTY COUNSEL	12,491.60	LEGAL FEES	ADMINISTRATION
T4563	SPH ANALYTICS	12,198.00	MEMBER SATISFACTION SURVEY	MEMBER SERVICES
T1005	COLONIAL LIFE & ACCIDENT	11,581.03	EMPLOYEE PREMIUM	VARIOUS
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	10,809.00	COMMUNITY ACTIVITIES	MARKETING
		5,754,743.22		
	TOTAL VENDORS OVER $10,000	5,754,743.22		
	TOTAL VENDORS UNDER $10,000	318,281.48		
	TOTAL VENDOR EXPENSES- JANUARY	**$ 6,073,024.70**		

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
J. Services	$62,160.00	Yes	CS	Alonso Hurtado	Janitorial Services for Stockdale and Truxtunt	1/1/2019	12/31/2019
Jacquelyn S. Jans	$52,500.00	Yes	MRK	Louie Iturriria	Marketing and Corporate Image Consultant	1/1/2019	12/31/2019
CPAC, Inc.	$49,350.00	Yes	IT	Richard Pruitt	6 VMware & 6 Veeam licensing with support & maint	1/29/2019	1/28/2024
Poppyrock Design	$39,600.00	Yes	MRK	Louie Iturriria	Graphic Design of member, provider and marketing	1/1/2019	12/31/2019
ZeOmega	$72,000.00	Yes	UM	Deborah Murr	Quote#792-Dedicatedimplementation manager for 3 months	1/1/2019	3/31/2019
ZeOmega	$33,000.00	Yes	UM	Deborah Murr	Quote#827-Inclusion HHP site outreach rules & NOA language into JIVA MMP	1/29/2019	12/31/2019
CenturyLink	$61,000.00	Yes	IT	Richard Pruitt	1G-3G connection for Buck Owens building	1/1/2019	12/31/2019
Quantum Consulting Grou	$31,000.00	Yes	HHP	Julie Worthing	Beverly Gibbs consulting services for HHP	1/3/2019	12/31/2019
LinkedIn	$52,000.00	Yes	HR	Anita Martin	Online training to manage learners	1/1/2019	1/1/2020
DLT	$33,514.12	Yes	IT	Richard Pruitt	66 Spotlight SQL licenses w/ support co-termed	1/18/2019	1/31/2020
February							
LifeSigns	$45,000.00	Yes	HE	Isabel Silba	ASL interpreting services for members	2/28/2019	2/27/2020

2019 TECHNOLOGY CONSULTING RESOURCES																		
ITEM	PROJECT	CAP/EXP	BUDGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD	TOTAL	REMAINING BALANCE
#	Project Name																	
1	*COBA*	EXP	$18,500	$18,500	$0												$18,500	$0
2	*QI Site*	CAP	$9,300	$3,600	$3,600												$7,200	$2,100
3	*Mfiles*	CAP	$34,860	$15,960	$760												$16,720	$18,140
4	*Health Home Program Expansion*	CAP	$137,673	$19,320	$46,160												$65,480	$72,193
5	*Medical Management*	CAP	$361,700	$38,280	$64,920												$103,200	$258,500
6	*Diabetes Prevention Program (DPP)*	CAP	$280,403	$19,980	$20,520												$40,500	$239,903
7	*Hospital Directed Payments (HDP)*	EXP	$28,305	$16,490	$680												$17,170	$11,135
8	*Corporate Website Support*	EXP	$52,290		$0												$0	$52,290
9	*New Building Move*	CAP	$531,300	$47,626	$44,936												$92,562	$438,738
10	*2019 HHP State Alignment*	CAP	$240,000														$0	$240,000
11	*Internal Dashboards (4)*	CAP	$628,363	$32,640	$43,320												$75,960	$552,403
12	*Member Engagement - Pre and Post Natal Utilization*	CAP	$72,961														$0	$72,961
13	*Computer Assisted Translation Tool*	CAP	$19,915														$0	$19,915
14	*Telehealth-E-consults/Teledocs*	EXP	$69,581														$0	$69,581
16	*CES Upgrade*	EXP	$33,000														$0	$33,000
17	*Orchestrator Job Migration Cont.*	EXP	$103,950														$0	$103,950
18	*2D Profiling Internal Management (CE)*	CAP	$300,930														$0	$300,930
19	*APM/Networx Modeler and Pricer - Professional*	CAP	$281,781	$24,480	$29,458												$53,938	$227,843
20	*MicroSoft Server Upgrades*	EXP	$58,800														$0	$58,800
21	*Call Center Knowledge Management Solution*	CAP	$8,715														$0	$8,715
22	*CACTUS Upgrade*	CAP	$227,188														$0	$227,188
23	*KHS Biztalk*	EXP	$11,200														$0	$11,200
24	*Staff Augmentation*	EXP	$1,445,983	$149,513	$169,494												$319,007	$1,126,976
	Totals:	**Totals**	**$4,956,698**	**$386,389**	**$423,847**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**		**$810,236**	**$4,146,462**

KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
APRIL 11, 2019

Legal Name DBA Name	Specialty	Address	Comments	Contract Effective Date
PAC 03/06/2019				
American Hospice Care	Hospice	930 Oak Street, Ste B, Bakersfield, CA 93304		4/1/2019
Kilimanjaro Pharmacy, Inc	Pharmacy	2345 Highway 46 Ste a Wasco CA 93280		4/1/2019
PAC 04/03/2019				
Devika Pharma Inc dba: Arvin Pharmacy	Pharmacy	1241 Bear Mountain Blvd Ste. E Arvin CA 93203		5/1/2019
Teaching Autistic Children Inc dba: Learning Arts	ABA Therapy	5329 Office Center Court Ste. 150 Bakersfield CA 93309		5/1/2019
Eva A. Hammond dba: Ingram's Pharmacy	Pharmacy	1709 27th Street Bakersfield CA 93301		5/1/2019
Michael G. Oefelein MD	Urology	3838 San Dimas Street Ste. B-231 Bakersfield CA 93301	Already Credentialed - moving to individual contract	**Retro Eff 4/1/2019**
Hernake S. Takhar dba: Takhar Eye Care Optometric Center	Optometry *	4725 Panama Lane Ste. D11 Bakersfield CA 93313	*Diabetic eye care screenings only	5/1/2019
Hemant Dhingra MD dba: The Nephrology Group Inc	Nephrology	3933 Coffee Road Ste. B Bakersfield CA 93308		5/1/2019
St. Therese Medical Group Inc	PCP	511 W. Columbus Ave Ste. Bakersfield CA 93301	Already Credentialed - Oriente Esposo reopening new location	5/1/2019
Langlois Medical Corporation dba: Kern Island Pain Medicine	Pain Medicine & Physical Med/Rehab	230 S Montclair Street Ste. 101 Bakersfield CA 93309		5/1/2019
Mohamed M. Hammami MD Inc.	Internal Medicine	511 W. Columbus Ave Ste. Bakersfield CA 93301	Already Credentialed - Adding individual contract	5/1/2019
Taoheed Hasan dba: Valley Pharmacy	Pharmacy & DME	1324 West Avenue J Ste. 1 Lancaster CA 93534		5/1/2019

KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
April 11, 2019

Legal Name DBA	Specialty	Address	Comments	Effective Date
@ Home Respiratory Care	DME	6001-B Truxtun Ave Ste. 260 Bakersfield CA 93309	Non-Response Recred	2/28/2019
Premier Family Health Care, A Professional Corp	PCP	3300 Buena Vista Road Bldg K Bakersfield CA 93311	Termed Contract	2/19/2019
Tong Chung, MD	OB/GYN	11116 Torbay Drive Bakersfield CA 93311	Non-Response Recred	2/28/2019
iLabPharma Inc.	Pharmacy	250 Grand Cypress Ave Palmdale CA 1649 W Avenue J Ste. 101 Lancaster CA 93534	Business Dissolved	1/2/2019

KERN HEALTH SYSTEMS

TO: **KHS Board of Directors**

FROM: **Alan Avery, COO**

DATE: **April 11, 2019**

RE: **1st Quarter 2019 Operations Report**

Claims

Throughout calendar year 2018, the Claims Department received an average of 723,000 claims per quarter. In the first quarter of 2019, the claims received were slightly under 800,000 claims. This significant increase in claims volume during the first quarter was the result of the implementation of the Coordination of Benefits Agreement (COBA) claims from Centers for Medicare & Medicaid Services (CMS). Previous to January 1st, KHS would receive CMS related claims from the contracted provider seeking payment coordination. The provider would forward a paper copy of their CMS payment to KHS, we would in turn scan the paper claim, convert the claim into an electronic format and load the file into QNXT. With the implementation of COBA, the claims information is received directly from CMS in electronic format and eliminates the manual processing by the provider. The other positive action to report is the continued increase of electronic claims submission. We have now increased that to 92%.

With the implementation of the COBA claims from CMS the second week of January, we received several weeks of historical claims with many of them already being out of compliance with the 30 day time frame for processing when we processed the files. Implementing the COBA file process has impacted several of the Claims standards for the 1st Quarter however, we have resolved that issue in April. In January, our Claims Processed within 30 days was at 83% compared to the goal of 90%. In March that raised to 88%. Now in April, that has reached 90%. We are confident that this trend will continue along with meeting the Claims Processed within 90 days and Claims Inventory stats within goals as well. Despite not achieving or internal goal of claims payment within 30 days, at no time did we exceed the DHCS requirement of 45 days.

Member Services

Incoming phone call activity from Members and Providers into the Member Services Department was slightly above the 2018 average of 72,000 calls per quarter with almost 75,000 calls received during the Quarter. 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 an extremely low abandonment rate of 1.1 % significantly 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 1st quarter, Member Services received 1872 new member portal account enrollments, for a total of 11,481 member accounts. This equates to 4.5% of our members with online accounts compared to industry target of 4%.

Provider Relations

During the 1st Quarter, Provider Relations completed the renewal of the Kern Valley Healthcare District and Bakersfield Heart Hospital agreements. The Dignity Hospital Agreement was renewed for another two years effective January 1st. We continue to work with Adventist Bakersfield to finalize their contract renewal. The other major provider agreement that was addressed during the quarter was Accelerated Urgent Care.

The KHS Primary Care network grew slightly during the 1st quarter with a 3.2% growth in the network. The specialty provider network remained relatively flat during the quarter with minimal (1.46%) growth of the specialty provider network. Appointment availability continues to meet regulatory standards @ 3.13 days for PCP visits and 8.64 days for specialists. I have added the following Provider Portal utilization statistics for the month of February:

- Total HealthX User Accounts 5,255
- Page Views 615,378
- Average View Time of Page 3:32 minutes

Human Resources

At the end of the 1st quarter we had 387 employees compared to a budget of 410. Employee turnover is at 10.36% annualized, with 30% of that turnover occurring in Member services, 20% in Utilization Management and 20% in Case Management. Human Resources is also managing the replacement of the KHS current 457(b) Deferred Compensation Plan & the KHS Retirement Plan 401(a) administrator with Voya Retirement Insurance & Annuity Company. This has been a huge undertaking by Anita Martin and her staff with multiple employee education sessions. The conversion process began on April 5 and will end on April 26th.

Grievance Report

The Health Plan's grievances in the 1st quarter continued at the same level as the 4th quarter. We had anticipated the grievances would increase after the first of the year as we felt the decrease in the 4th quarter was partially attributed to the Thanksgiving, Christmas and New Year's Day holidays. We were pleased to see the grievance volume remained at the same level as the 4th Quarter. The breakdown of the grievances upheld or overturned continues to follow 2018/19 year to date trends of 65-70% upholding decision vs 30-35% overturning original decision.

Transportation Update

Transportation activity during the 1st quarter increased on somewhat of a more gradual basis throughout the quarter. Overall one way rides increased by 11% compared to 13% in the previous quarter. Bus pass distribution increased by 24% compared to a decrease in the 4th Quarter. The Lyft ride increase of 18% was slightly less than 28% increase in the 4th quarter. Lastly, use of Member Reimbursement for rides increased by 6% during the quarter. The ALC administrative expense continues to trend under the approved budget.

KERN HEALTH SYSTEMS

2019 1st Quarter Operational Report

Alan Avery, COO

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1ST Quarter Claims Department Indicators

Activity	Goal	1ST Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Claims Received		**793,629**		699,635	703,484	724,334	765,033
Electronic	85%	**92%**		90%	89%	89%	88%
Paper	15%	**8%**		10%	11%	11%	12%
Claims Processed Within 30 days	90%	**86%**		87%	96%	93%	97%
Claims Processed within 45 days	95%	**95%**		98%	99%	98%	99%
Claims Processed within 90 days	99%	**95%**		99%	99%	99%	99%
Claims Inventory-Under 30 days	96%	**93%**		87%	99%	97%	99%
31-45 days	<3%	**6%**		11%	1%	<2%	<1
Over 45 days	<1%	**1%**		2%	1%	<1%	<1
Auto Adjudication	75%	**80%**		82%	74%	74	74
Audited Claims with Errors	<3%	**2%**		2%	1%	1%	2%
Claims Disputes	<5%	**1%**		1%	1%	1%	<1%

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Member Service Indicators

Activity	Goal	1st Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Incoming Calls		**74,885**		82,112	74,252	66,689	66,591
Abandonment Rate	<5%	**1.1%**		2.5%	3.62%	.5%	1.4%
Avg Answer Speed	<2:00	**:12**		:29	:42	:11	:18
Average Talk Time	<8:00	**6:47**		7:00	6:54	6:46	6:42
Top Reasons for Member Calls	Trend	New Member PCP Change Demographic ID Cards Referrals		Same	Same	Same	Same
Outbound Calls	Trend	**92,470**		81,083	89,536	87,538	86,031
# of Walk Ins	Trend	**520**		608	601	556	645
Member Portal Accounts-Q/Total	4%	**1872 (Q1)** **11,481**		1568(Q4) 9615	8061	6337	4,292

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Provider Network Indicators

Activity	Goal	1st Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
# of PCPs	Maintain	3.2%		.55%	.55%	0	1.4%
# of Specialists	>1% growth	1.46%		3.86%	1.91%	3.7%	3.7%
% Provider Terminations	<5% term	.68%		1.6%	1.18%	1.73%	4 %
Termination Reasons		67%-left group 13%-term 13%site closed 7% resigned		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	3.13 Days		6.4 Days	5.06 Days	5.85 days	7.85 days
Specialty	< 15 days	8.64 Days		7.6 Days	6.80 Days	8.28 days	12.6 days

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Human Resources Indicators

Activity	Budget	1st Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Staffing Count	395	**387**		383	384	380	378
Employee Turnover	12%	**10.36%**		10.76%	7.83%	5.52%	3.18%
Turnover Reasons	Voluntary Involuntary Deceased Retired	**80%** **20%** **0%** **0%**		78% 9.75% 2.5% 9.75%	83.34% 10.00% 3.33% 3.33%	81% 15% 4%	75% 25%

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Grievance Report

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

Category	Q1 2019	Status	Issue	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Access to Care	41		Appointment Availability	32	59	42	34
Coverage Dispute	14		Authorizations and Pharmacy	12	21	37	45
Medical Necessity	228		Questioning denial of service	240	267	297	121
Other Issues	9		Miscellaneous	10	7	1	0
Quality of Care	29		Questioning services provided. All cases forwarded to Quality Dept.	22	30	27	31
Quality of Service	6		Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	3	2	3	5
Total Grievances	327			319	386	407	236

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Additional Insights-Grievance Detail

Issue	1st Quarter Grievances	Upheld Plan Decision	Overturned Ruled for Member	Still Under Review
Access to Care	23	9	3	11
Coverage Dispute	14	8	1	5
Specialist Access	18	7	7	4
Medical Necessity	228	124	45	59
Other Issues	9	7	0	2
Quality of Care	29	15	7	7
Quality of Service	6	3	2	1
Total	327	173	65	89

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Transportation Update

Operational Statistics	Q1 2019* (*March estimate)	Q4 2018	Q3 2018	Q2 2018	Q1 2018
ALC Calls	113,417	98,474	84,958	60,283	31,752
One Way Rides Scheduled	119,091	107,514	94,358	81,594	66,517
NMT	86,786	73,055	60,683	45,832	33,459
Bus Passes Distributed	3,565	2,875	5,809	4,813	5,383
Lyft Rides Delivered	83,221	70,180	54,874	41,019	28,076
Lyft No Shows	5,411	4,835	3,702	3,008	3,826
NEMT	32,305	34,459	33,675	35,762	33,058
Van Rides Scheduled	31,749	33,970	33,214	35,283	32,662
Gurney Rides Scheduled	556	489	461	479	396
Member Reimbursement	1,038	975	712	164	47
ALC Admin Expense	$715,594	$656,604	$558,799	$522,945	$432,323

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To: KHS Board of Directors

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

Date: April 11th, 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 SPDs continues to trend higher than budget. The current month (February) shows a spike in utilization. The top 3 diagnosis seen for SPDs are Diabetes, hypertension and chronic Kidney disease. Since the recent three months for all measures **estimates** utilization until all claims are received and encounters counted, we will watch to see if this spike changes and the number of visits per thousand members is similar to prior months. Higher professional services utilization is not necessarily bad if corresponding reductions occur in other high cost areas such as hospitalization. Besides savings, quality outcomes improve when members access professional services on an outpatient basis. This is especially true for patients with diabetes, hypertension and chronic kidney disease.

The Overall (all aide categories) PMPM cost is stable, even though it remains higher than goal for the SPDs. With implementation of more disease specific programs such as the DPP for prediabetes and COPD management in 2019, we are hopeful that the cost of utilization of physician services for the SPDs will start trending down toward goals. 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 for all aide categories in line with budget.

The most frequent diagnosis for physician services for members in the Family Aide Category is wellness exams with 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.

COPD might not show as top 3 but our data analysis indicates that it is the most costly diagnosis given its prevalence and treatment requirements.

Pharmacy

The monthly cost and utilization per enrollee for all aide categories is at or below budget through February 2019. The Flu season this year does not appear to have had a major increase in utilization of Pharmacy services.

Inpatient Services

The overall PMPM, bed-days incurred and average length of stay in the acute hospital for all aide codes is at or below budget. Cost per day continues to stay above budget. This is not unusual when with lower lengths of stay where correlating service and treatment costs are compacted in fewer days. Hospital admissions trended higher across all aide categories due to seasonality. Cost per admission is below budget for all aide categories but Family.

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

Hospital Outpatient

Hospital outpatient utilization is stable. As we work with our hospitalist teams to increase use of observation units for patients 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. In 2019, we are focusing on appropriate management of chronic conditions by primary care to reduce the numbers of Provider

Preventable Admissions (PPA). We have developed and posted on our portal information on the practice patterns of our providers. This profile lets our providers see how they are practicing compared to their Peers. Unfortunately, our data is showing that the providers are not looking at this information. We are currently looking at ways to communicate the importance of looking at this information in order to work with outliers to improve their practice patterns to be in line with their Peers.

Emergency Room (ER)

The PMPM cost and number of ER visits for 2019 show cost and utilization slightly higher than budget for all aide code. Again, this is due to seasonality and should normalize moving forward. The most frequent diagnosis for the ER for all aide categories is Upper Respiratory Infection. We are working on implementing a physician telemedicine program to enable patients to speak with a physician from home before going to the emergency room. If successful, unnecessary ER visits will be avoided. Telemedicine physicians can prescribe medicine and will refer patients to their PCP for follow-up care.

Most of the ER visits are occurring at BMH **(Attachment C).**

HEDIS Performance Trending Report (Attachment D)

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

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having the medical condition associated with the measurement represent the denominator. When members receive service(s), it is recorded as "compliant" becoming part of the numerator. The level of achievement is shown as the percentage (%) of members receiving the required (service(s). The minimum target performance percentage (MPL) is established by DHCS each year and the previous year's MPL is used here to determine how well our HEDIS program performs against

this standard. This report gives a snap shot summary of each measurement year- to- date (cover page). It is color coded in green when on or above previous year trending rate, yellow when below previous year's trending rate but statistically in line with expectation and red when below previous year's trending rate and if continued, could fail to meet the minimum standard set by the State. Using historical performance for the same month in the prior year, enables staff to project year-end results for the measured period. Measurements showing "red" enables staff to know where they need to boost their effort to bring this measurement back in line with expectation while there is still time.

Each page following the cover page summary shows the current status of each measure. The color coded box in the upper left corner indicates the % of qualifying members who have received service(s) for their condition. Green indicates 2019 utilization trends will yield greater results than 2018 and red indicates 2019 trends are below 2018.

Of the 17 HEDIS measures displayed in this report, 14 measures are in green and on target to meet expectation. As we continue to receive encounter and claims information from our network we are expecting to see many other measures go to green. The remaining 3 measures are in yellow indicating they are slightly below last year's trend but stand a good chance of meeting the MPL. These measures will be monitored closely and steps will be taken to make sure those members who have not had the service get the service before the ending date for HEDIS 2020.

KERN HEALTH SYSTEMS

Attachment A

Governed Reporting System

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)

KERN HEALTH SYSTEMS

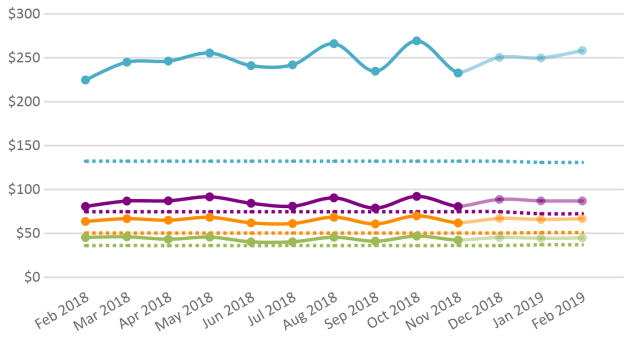
Governed Reporting System

Physician Services

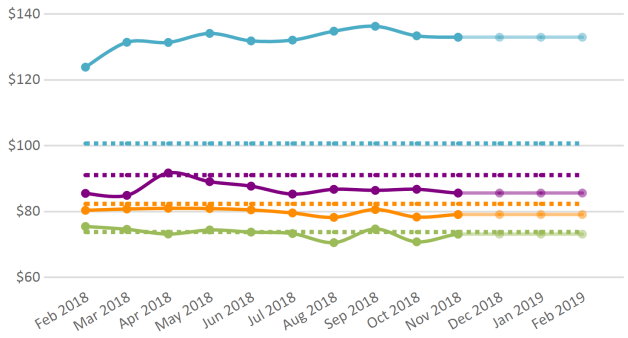
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

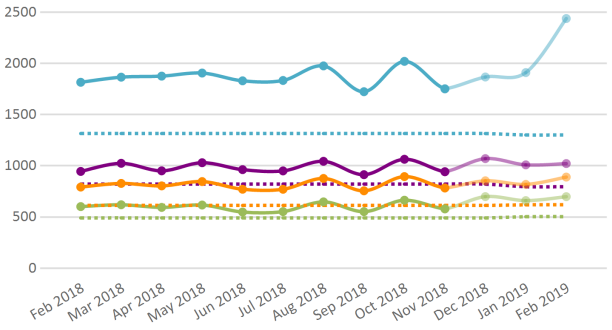
Professional Services Incurred by Aid Group PMPM



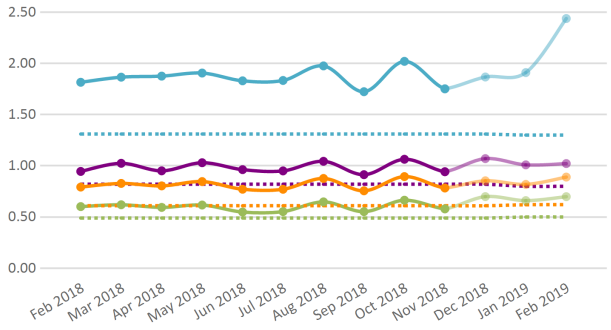
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group

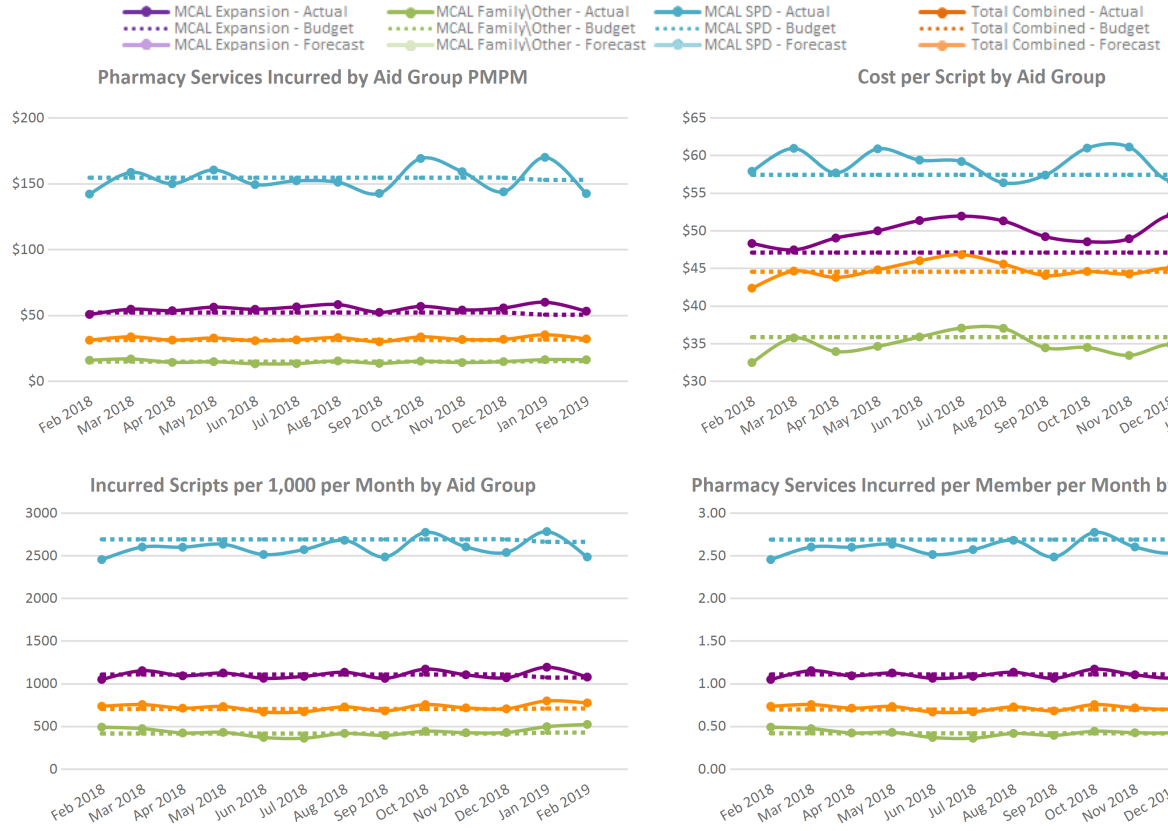


KERN HEALTH SYSTEMS

Governed Reporting System

Pharmacy

(Includes: Claims paid by PBM)



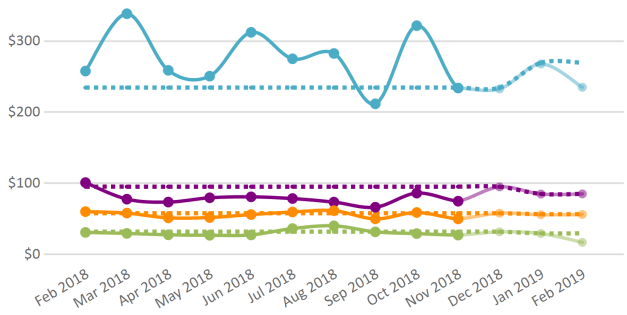
KERN HEALTH SYSTEMS

Governed Reporting System

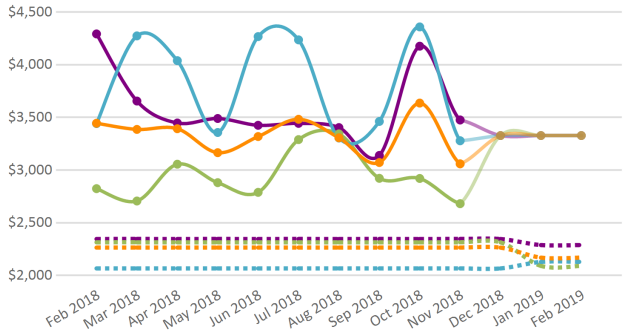
Inpatient

(Includes: Inpatient Hospital Claims)

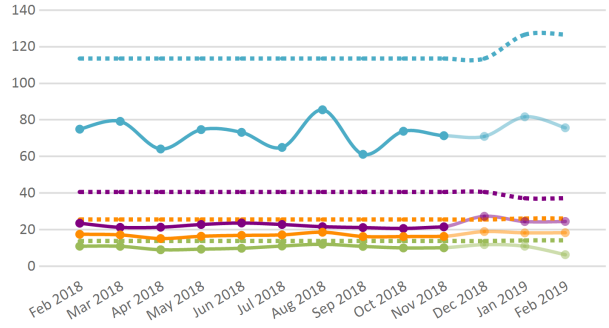
Inpatient Services Incurred by Aid Group PMPM



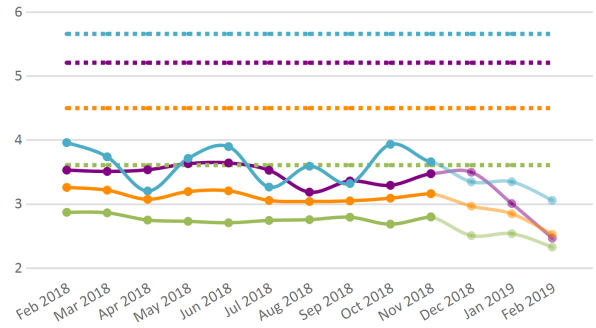
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group



KERN HEALTH SYSTEMS

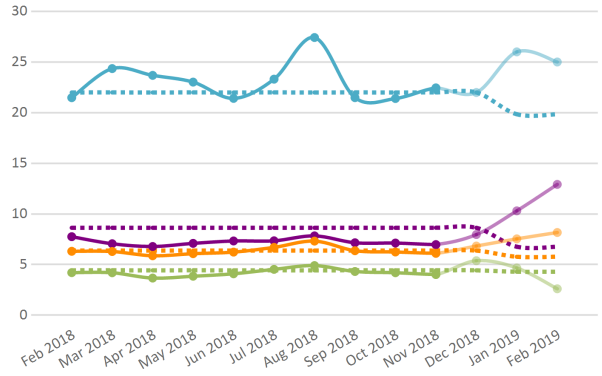
Governed Reporting System

Inpatient

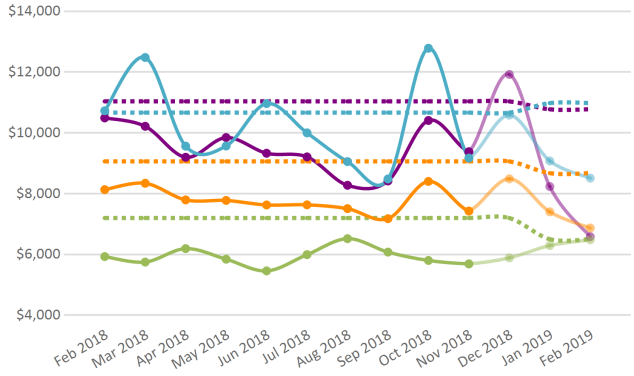
(Includes: Inpatient Hospital Claims)

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



KERN HEALTH SYSTEMS

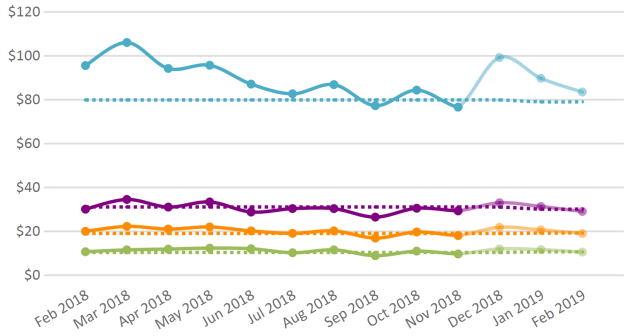
Governed Reporting System

Outpatient Hospital

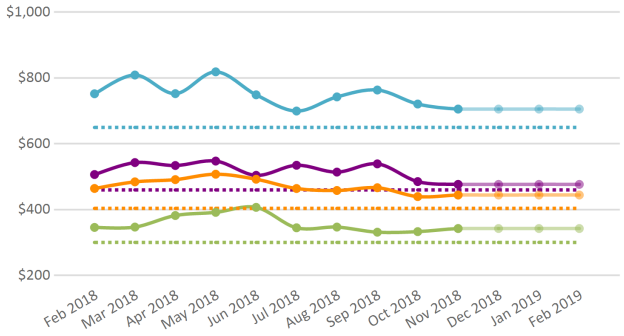
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

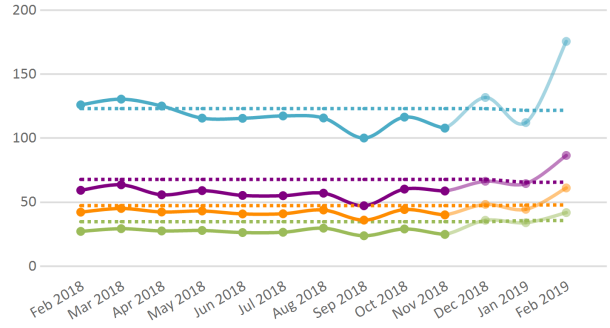
Outpatient Services Incurred by Aid Group PMPM



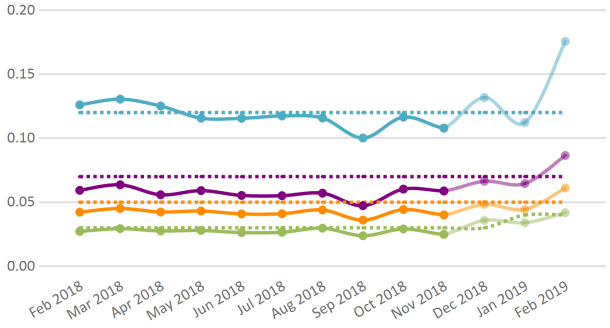
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



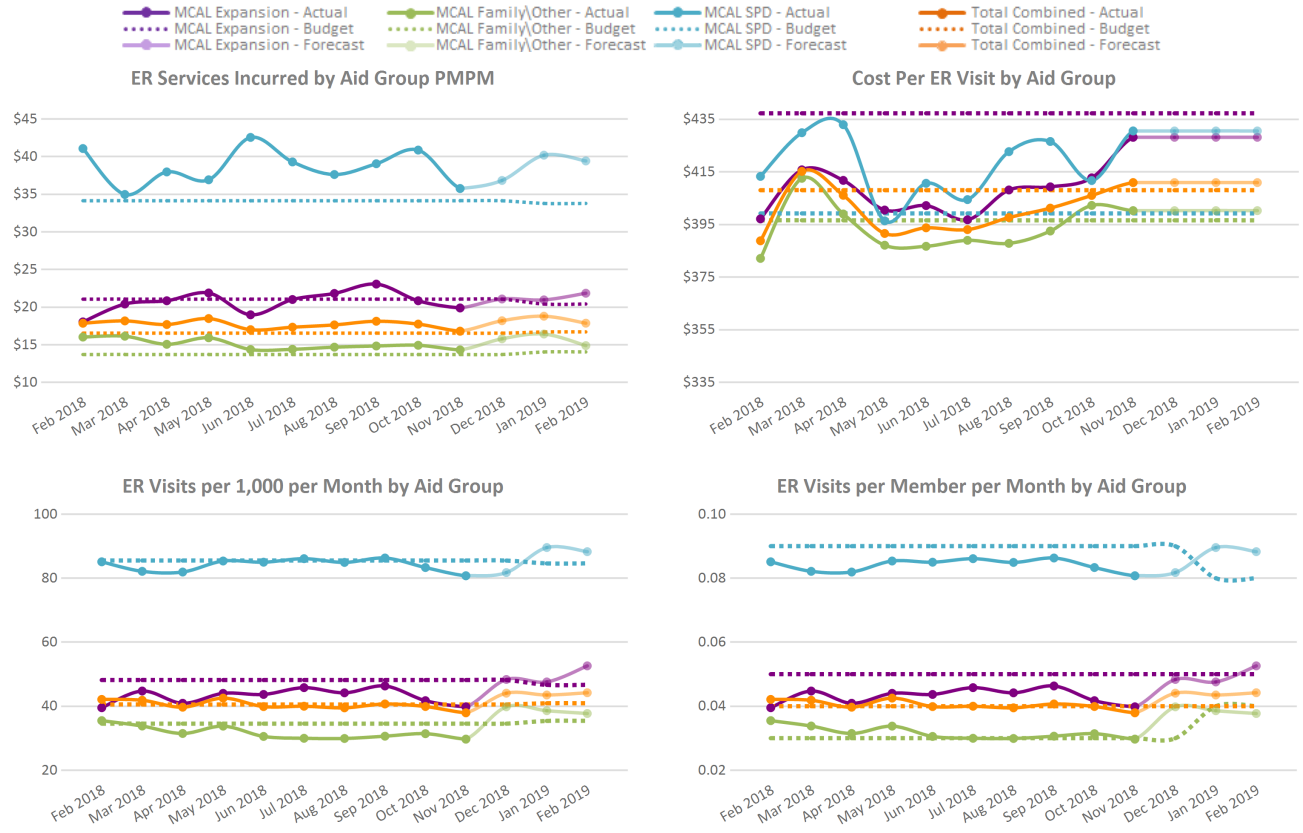
Outpatient Visits per Member per Month by Aid Group



KERN HEALTH SYSTEMS

Governed Reporting System

Emergency Room

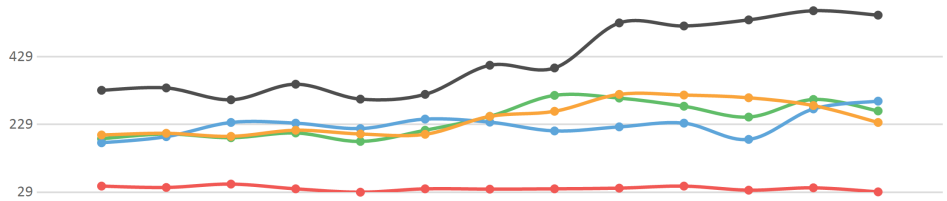


KERN HEALTH SYSTEMS

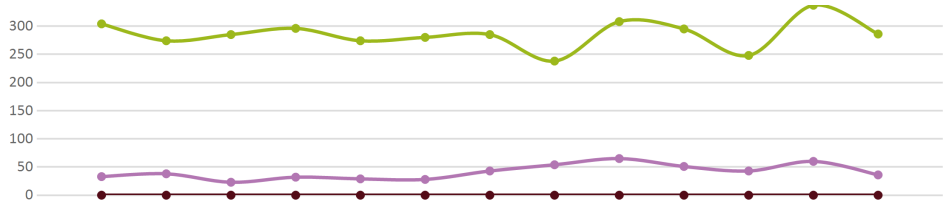
Attachment B

Governed Reporting System

Inpatient Admits by Hospital



	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
BAKERSFIELD MEMORIAL	330	337	302	348	304	318	404	396	529	520	538	565	552
MERCY HOSPITAL	187	201	190	204	179	212	253	315	307	283	251	303	269
KERN MEDICAL	198	203	194	212	201	200	253	268	318	316	308	285	235
SAN JOAQUIN COMMUNITY	175	193	235	233	217	245	236	210	222	233	185	275	298
GOOD SAMARITAN HOSPITAL	47	43	53	39	29	39	38	39	41	47	35	42	30



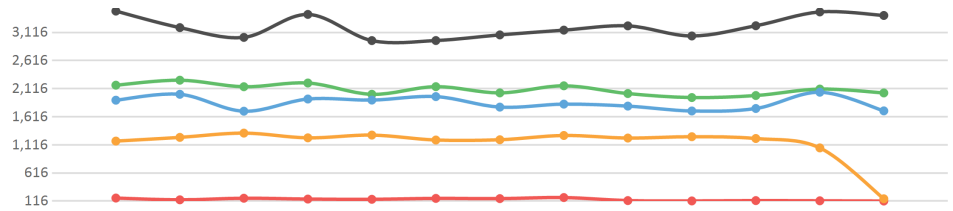
	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
OUT OF AREA	304	274	285	296	274	280	285	238	308	295	248	337	286
BAKERSFIELD HEART HOSP	57	65	44	56	51	52	45	64	67	52	41	50	50
DELANO REGIONAL HOSPITAL	33	38	23	32	29	28	43	54	65	51	43	60	36

Attachment C

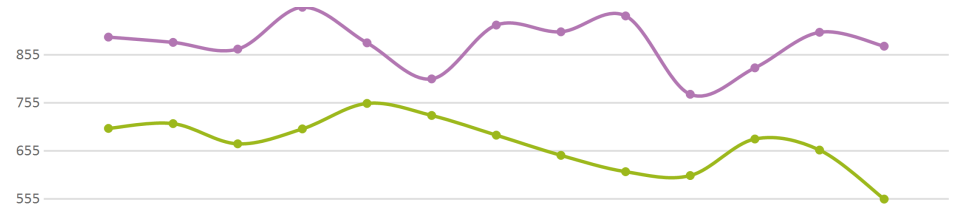
KERN HEALTH SYSTEMS

Governed Reporting System

Emergency Visits by Hospital



	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
BAKERSFIELD MEMORIAL	3,497	3,203	3,029	3,438	2,972	2,973	3,073	3,158	3,234	3,054	3,236	3,482	3,419
MERCY HOSPITAL	2,178	2,267	2,151	2,217	2,016	2,152	2,041	2,167	2,029	1,958	1,994	2,109	2,040
SAN JOAQUIN COMMUNITY	1,911	2,016	1,715	1,932	1,913	1,975	1,788	1,841	1,806	1,719	1,763	2,053	1,721
KERN MEDICAL	1,183	1,249	1,325	1,241	1,290	1,202	1,207	1,283	1,237	1,261	1,229	1,062	156
BAKERSFIELD HEART HOSP	169	138	166	151	147	163	159	178	124	118	124	120	116



	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
DELANO REGIONAL HOSPITAL	892	881	867	954	880	805	917	903	936	773	828	902	873
OUT OF AREA	702	712	670	701	754	729	688	646	612	604	680	657	555

KERN HEALTH SYSTEMS *Governed Reporting System*

HEDIS 2020 Performance Trending Metrics

AAB	AMR	BCS	CCS	CDC - EYE EXAM
62.32 %	82.86 %	39.17 %	36.96 %	12.80 %
Prior Year 49.55%	Prior Year 28.31%	Prior Year 38.84%	Prior Year 37.61%	Prior Year 9.51%
% Change -23.96%	% Change 192.71%	% Change 0.87%	% Change -1.71%	% Change 34.57%

CDC - HBA1C TEST	CDC - NEPHROPATHY	CIS - COMBO 3	IMA - COMBO 2	LBP
40.34 %	63.55 %	20.76 %	21.20 %	76.65 %
Prior Year 37.31%	Prior Year 59.35%	Prior Year 22.45%	Prior Year 21.13%	Prior Year 73.33%
% Change 8.13%	% Change 7.08%	% Change -7.51%	% Change 0.32%	% Change 4.53%

MPM - ACE INHIBITORS	MPM - DIURETICS	PPC - POSTPARTUM	PPC - PRENATAL	W34
75.00 %	60.00 %	51.82 %	69.16 %	13.56 %
Prior Year 0.00%	Prior Year 59.57%	Prior Year 41.40%	Prior Year 68.47%	Prior Year 13.77%
#Error	% Change 0.71%	% Change 25.15%	% Change 1.01%	% Change -1.51%

KERN HEALTH SYSTEMS *Governed Reporting System*

HEDIS 2020 Performance Trending Metrics

WCC - NC	WCC - PAC
5.40 %	2.98 %
Prior Year 5.28%	Prior Year 2.84%
% Change 2.30%	% Change 4.79%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

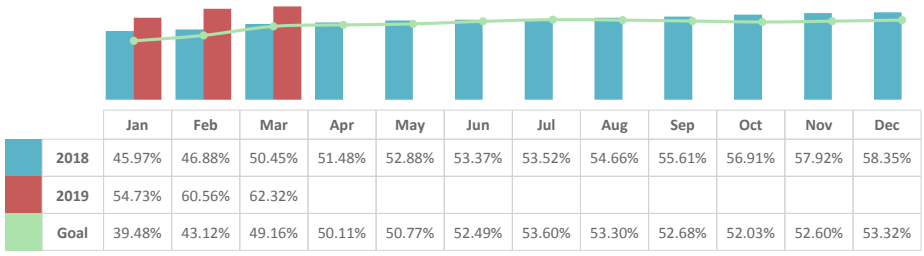
AAB

50.45%

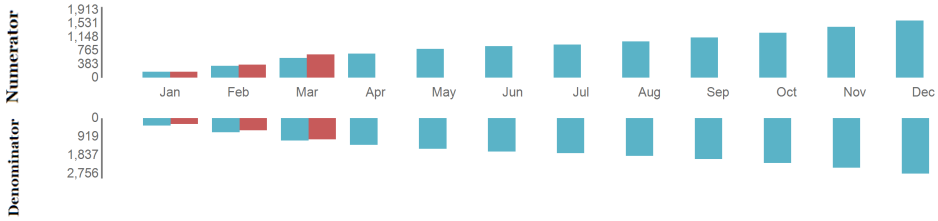
62.32 %

660

1,059

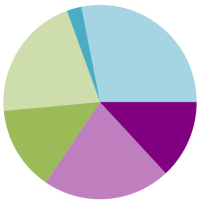


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	45.97%	46.88%	50.45%	51.48%	52.88%	53.37%	53.52%	54.66%	55.61%	56.91%	57.92%	58.35%
2019	54.73%	60.56%	62.32%									
Goal	39.48%	43.12%	49.16%	50.11%	50.77%	52.49%	53.60%	53.30%	52.68%	52.03%	52.60%	53.32%



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	116	259	44.79%	
CLINICA SIERRA VISTA	118	195	60.51%	
ALVARO,CACERES	78	83	93.98%	
FRANCIS,ARENAS	17	23	73.91%	
MICHAEL,KOMIN	15	22	68.18%	
ANDRES,ORDONEZ	15	22	68.18%	
POLYCLINIC MEDICAL CENTER	17	21	80.95%	
AJITPAL,TIWANA	9	19	47.37%	
SARUPINDER,BHANGOO	13	17	76.47%	
WILLIAM,BICHAI	10	16	62.50%	
GOHAR,GEVORGYAN	11	16	68.75%	



Mem Group	Numerator	Denominator
EXPANSION	72.24%	44.19%
FAMILY/OTHERS	70.54%	47.50%
SPD	94.90%	8.31%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

ALALEH,BAZMI	10	16	62.50%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

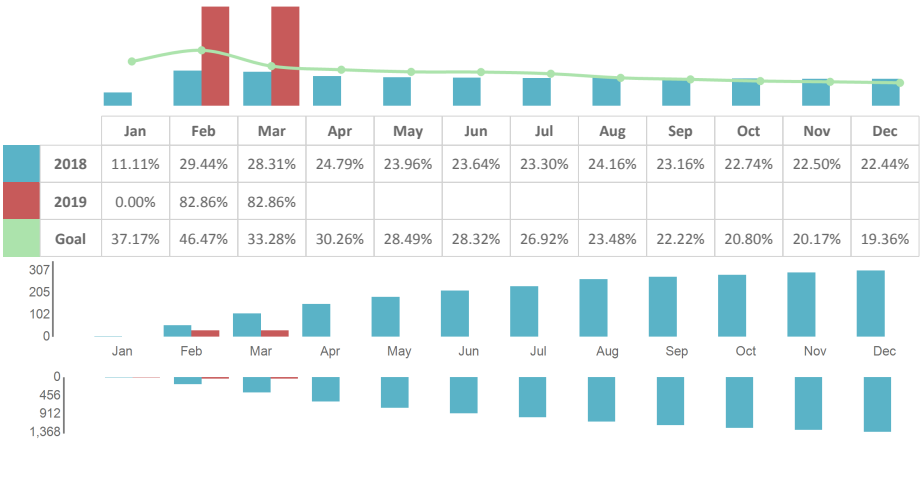
AMR

82.86 %

28.31%

29

35



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	11.11%	29.44%	28.31%	24.79%	23.96%	23.64%	23.30%	24.16%	23.16%	22.74%	22.50%	22.44%
2019	0.00%	82.86%	82.86%									
Goal	37.17%	46.47%	33.28%	30.26%	28.49%	28.32%	26.92%	23.48%	22.22%	20.80%	20.17%	19.36%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	9	9	100.00%	
ALAN,DAKAK	5	5	100.00%	
CLINICA SIERRA VISTA	4	4	100.00%	
POLYCLINIC MEDICAL CENTER	1	2	50.00%	
IDALIA,ABLIN	1	2	50.00%	
JAVIER,BUSTAMANTE	1	1	100.00%	
MANBIR,SINGH	1	1	100.00%	
ELSA,LAVADIA	1	1	100.00%	
KENNETH,HUTCHINS	0	1	0.00%	
RAYMOND,MENCHACA	0	1	0.00%	
ALALEH,BAZMI	1	1	100.00%	

Mem Group	Numerator	Denominator
EXPANSION	8.57%	14.29%
FAMILY/OTHERS	51.43%	60.00%
SPD	22.86%	25.71%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

SANTHI,KANURI	1	1	100.00%	
MARISSA,DELEON	1	1	100.00%	
RUBY PAZ,REYES	0	1	0.00%	
RAVINDERJIT,SINGH	0	1	0.00%	
ROD,CLAMONTE JR	1	1	100.00%	
ADVENTIST HEALTH COMMUNITY	1	1	100.00%	
LULUA,MANDVIWALA	1	1	100.00%	

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

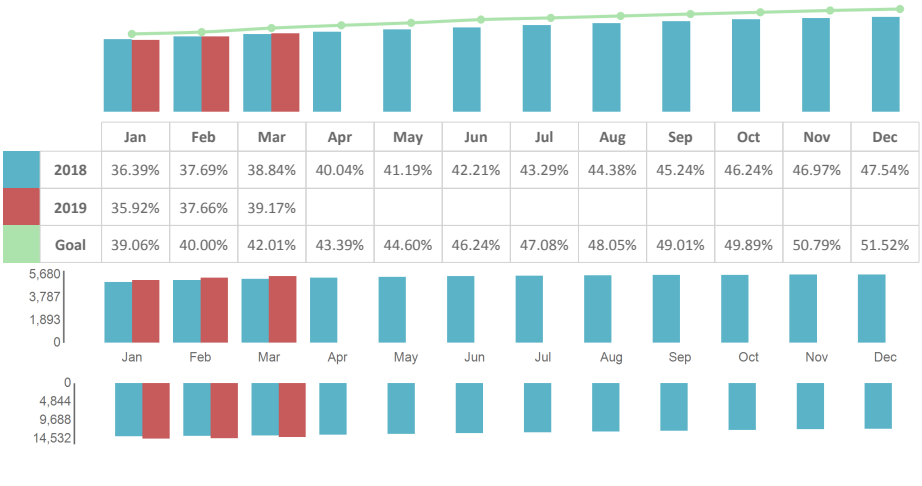
BCS

38.84%

39.17 %

5,542

14,147



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	36.39%	37.69%	38.84%	40.04%	41.19%	42.21%	43.29%	44.38%	45.24%	46.24%	46.97%	47.54%
2019	35.92%	37.66%	39.17%									
Goal	39.06%	40.00%	42.01%	43.39%	44.60%	46.24%	47.08%	48.05%	49.01%	49.89%	50.79%	51.52%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
CLINICA SIERRA VISTA	1,172	3,175	36.91%	
OMNI FAMILY HEALTH	1,280	3,026	42.30%	
AJITPAL,TIWANA	64	340	18.82%	
POLYCLINIC MEDICAL CENTER	127	336	37.80%	
KAISER FOUNDATION HEALTHPLAN,	4	302	1.32%	
EURAL,GORDON	121	250	48.40%	
ALAN,RAGLAND	109	230	47.39%	
GRETI,PETERSEN	103	229	44.98%	
RAVINDERJIT,SINGH	123	226	54.42%	
JUAN,CORONA	104	220	47.27%	

Mem Group	Numerator	Denominator
EXPANSION	22.67%	52.19%
FAMILY/OTHERS	8.96%	29.43%
SPD	7.55%	18.37%

KERN HEALTH SYSTEMS

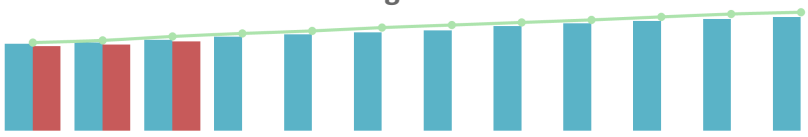
Governed Reporting System

HEDIS 2020 Performance Trending Metrics

CCS

37.61%

36.96 %



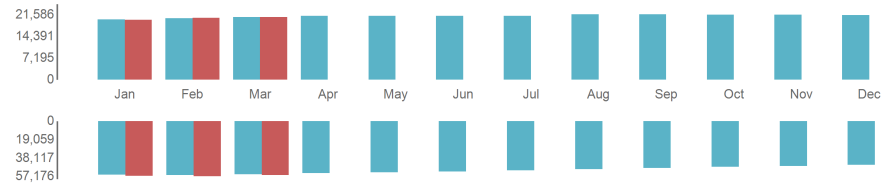
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	35.93%	36.41%	37.61%	38.95%	39.83%	40.63%	41.48%	43.34%	44.44%	45.46%	46.18%	47.04%
2019	34.93%	35.69%	36.96%									
Goal	36.57%	37.48%	39.11%	40.35%	41.40%	42.77%	43.83%	44.90%	45.95%	47.20%	48.38%	49.11%

20,675

55,935

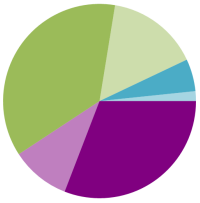
Numerator

Denominator



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	5,752	14,232	40.42%	
CLINICA SIERRA VISTA	4,821	13,814	34.90%	
KAISER FOUNDATION HEALTHPLAN,	48	1,943	2.47%	
RAVINDERJIT,SINGH	754	1,180	63.90%	
EURAL,GORDON	511	935	54.65%	
GOHAR,GEVORGYAN	223	902	24.72%	
AJITPAL,TIWANA	279	880	31.70%	
POLYCLINIC MEDICAL CENTER	351	807	43.49%	
ALALEH,BAZMI	181	787	23.00%	
JUAN,CORONA	369	754	48.94%	



Mem Group	Numerator	Denominator
EXPANSION	13.55%	42.29%
FAMILY/OTHERS	21.10%	50.36%
SPD	2.24%	7.35%

KERN HEALTH SYSTEMS

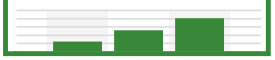
Governed Reporting System

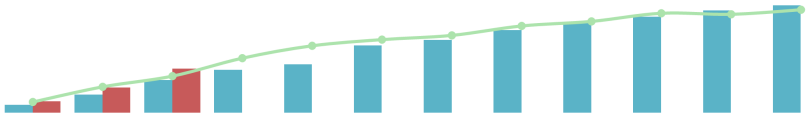
HEDIS 2020 Performance Trending Metrics

CDC Eye Exam

9.51%

12.80 %

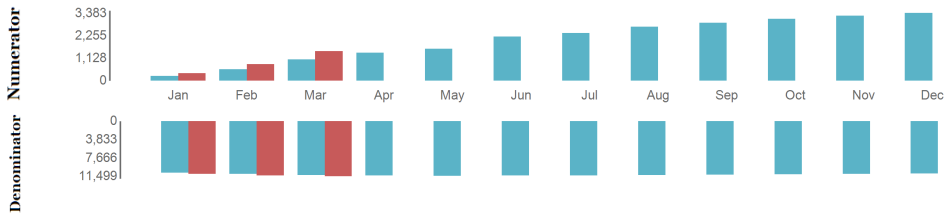




	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	2.25%	5.22%	9.51%	12.39%	14.02%	19.52%	21.06%	23.92%	25.96%	27.83%	29.62%	31.07%
2019	3.36%	7.29%	12.80%									
Goal	3.19%	7.58%	10.68%	15.87%	19.46%	21.25%	22.47%	25.20%	26.52%	28.87%	28.58%	29.89%

1,472

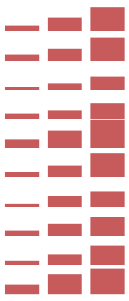
11,499

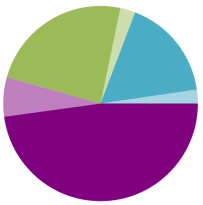


Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate
CLINICA SIERRA VISTA	339	2,540	13.35%
OMNI FAMILY HEALTH	284	2,208	12.86%
AJITPAL,TIWANA	27	349	7.74%
EURAL,GORDON	26	291	8.93%
WILLIAM,BICHAI	38	240	15.83%
POLYCLINIC MEDICAL CENTER	30	225	13.33%
ALAN,RAGLAND	18	211	8.53%
GOHAR,GEVORGYAN	22	204	10.78%
JUAN,CORONA	22	201	10.95%
RAVINDERJIT,SINGH	27	189	14.29%

Trend





Mem Group	Numerator	Denominator
EXPANSION	7.36%	53.95%
FAMILY/OTHERS	2.84%	26.98%
SPD	2.60%	19.06%

KERN HEALTH SYSTEMS

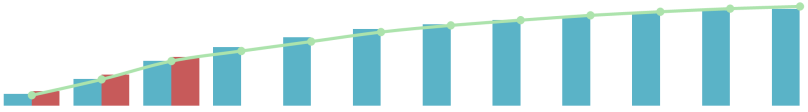
Governed Reporting System

HEDIS 2020 Performance Trending Metrics

CDC Hba1c

37.31%

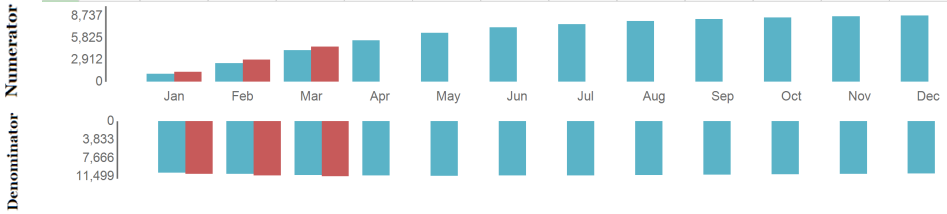
40.34 %



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	9.90%	22.02%	37.31%	48.54%	56.72%	63.50%	67.51%	71.08%	73.96%	76.78%	78.75%	80.24%
2019	12.00%	25.70%	40.34%									
Goal	8.90%	22.02%	37.18%	45.50%	53.31%	61.17%	66.70%	71.01%	75.01%	77.96%	80.53%	82.35%

4,639

11,499



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate
CLINICA SIERRA VISTA	1,022	2,540	40.24%
OMNI FAMILY HEALTH	928	2,208	42.03%
AJITPAL,TIWANA	140	349	40.11%
EURAL,GORDON	110	291	37.80%
WILLIAM,BICHAI	58	240	24.17%
POLYCLINIC MEDICAL CENTER	76	225	33.78%
ALAN,RAGLAND	89	211	42.18%
GOHAR,GEVORGYAN	81	204	39.71%
JUAN,CORONA	88	201	43.78%
RAVINDERJIT,SINGH	73	189	38.62%

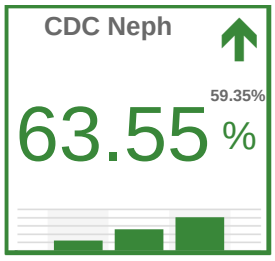
Trend

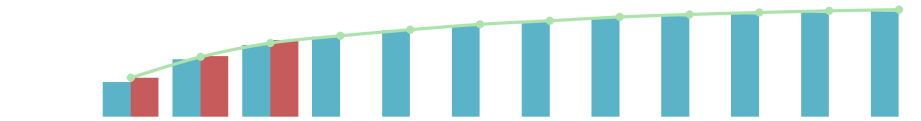
Mem Group	Numerator	Denominator
EXPANSION	22.45%	53.95%
FAMILY/OTHERS	10.04%	26.98%
SPD	7.86%	19.06%

KERN HEALTH SYSTEMS

Governed Reporting System

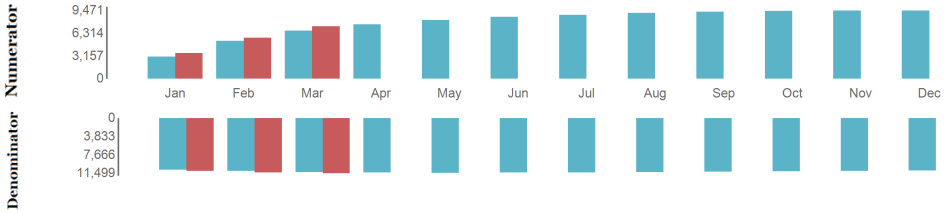
HEDIS 2020 Performance Trending Metrics





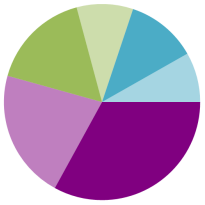
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	28.64%	47.64%	59.35%	66.53%	71.75%	75.84%	78.61%	81.13%	83.16%	84.68%	85.97%	86.99%
2019	32.30%	50.13%	63.55%									
Goal	32.49%	49.76%	61.24%	67.19%	72.23%	76.71%	79.63%	82.79%	84.83%	86.45%	87.84%	88.82%

7,308
11,499



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
CLINICA SIERRA VISTA	1,564	2,540	61.57%	
OMNI FAMILY HEALTH	1,362	2,208	61.68%	
AJITPAL,TIWANA	226	349	64.76%	
EURAL,GORDON	179	291	61.51%	
WILLIAM,BICHAI	186	240	77.50%	
POLYCLINIC MEDICAL CENTER	166	225	73.78%	
ALAN,RAGLAND	145	211	68.72%	
GOHAR,GEVORGYAN	131	204	64.22%	
JUAN,CORONA	120	201	59.70%	
RAVINDERJIT,SINGH	118	189	62.43%	



Mem Group	Numerator	Denominator
EXPANSION	34.89%	53.95%
FAMILY/OTHERS	15.23%	26.98%
SPD	13.44%	19.06%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

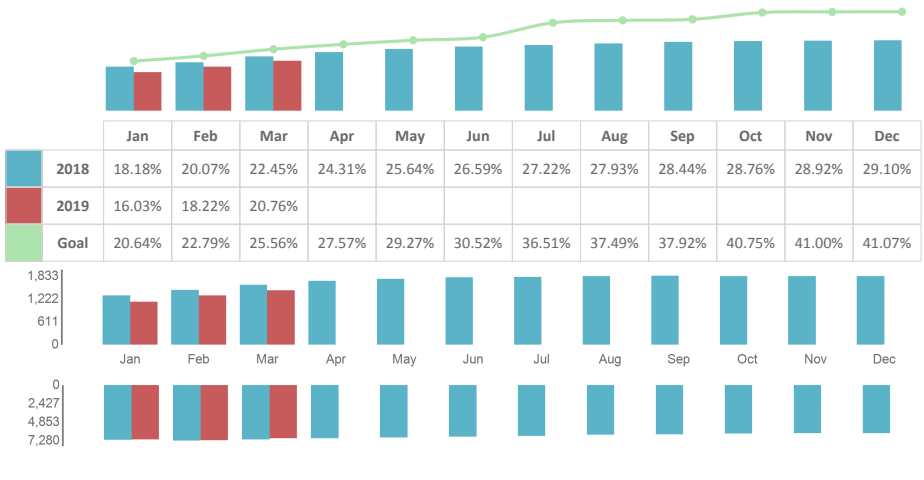
CIS

22.45%

20.76 %

1,449

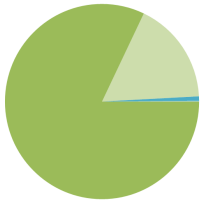
6,980



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	18.18%	20.07%	22.45%	24.31%	25.64%	26.59%	27.22%	27.93%	28.44%	28.76%	28.92%	29.10%
2019	16.03%	18.22%	20.76%									
Goal	20.64%	22.79%	25.56%	27.57%	29.27%	30.52%	36.51%	37.49%	37.92%	40.75%	41.00%	41.07%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	120	1,149	10.44%	
CLINICA SIERRA VISTA	104	1,061	9.80%	
ALAN,DAKAK	267	764	34.95%	
ONYINYE,OKEZIE	166	363	45.73%	
HASMUKH,AMIN	74	363	20.39%	
JAVIER,BUSTAMANTE	150	311	48.23%	
KAISER FOUNDATION HEALTHPLAN,	5	287	1.74%	
AYODEJI,AYENI	119	222	53.60%	
EMAD,SHAFIC	18	194	9.28%	
KENNETH,HUTCHINS	50	163	30.67%	



Mem Group	Numerator	Denominator
FAMILY/OTHERS	20.60%	99.13%
SPD	0.16%	0.87%

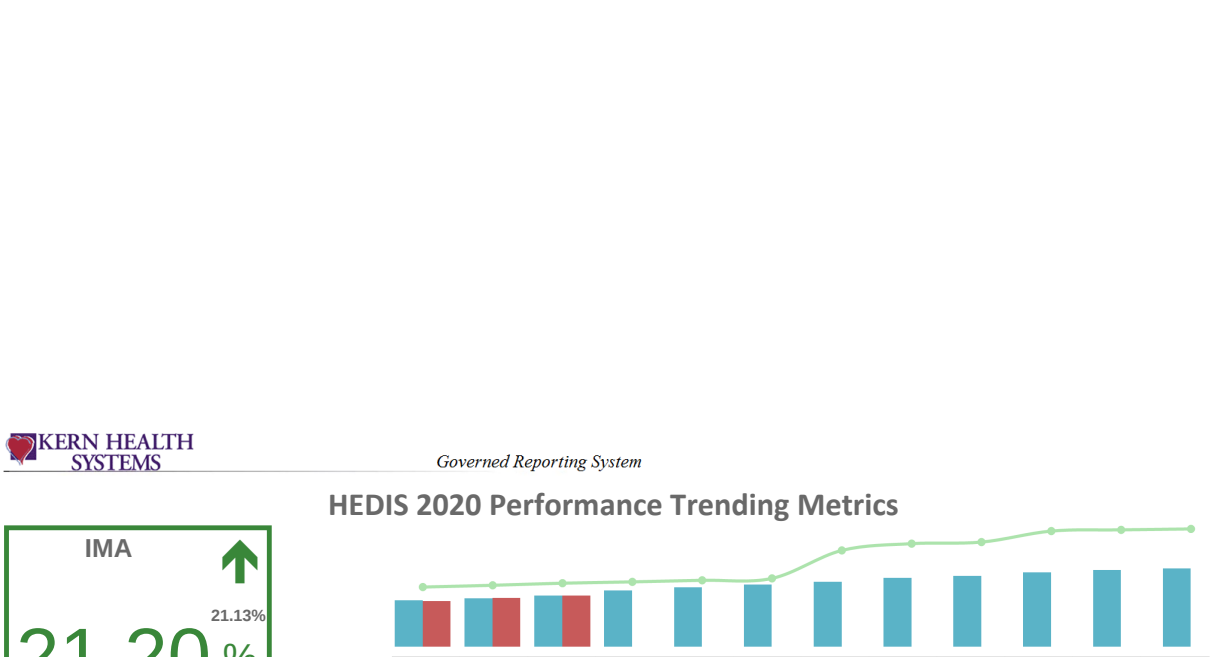
KERN HEALTH SYSTEMS *Governed Reporting System*

HEDIS 2020 Performance Trending Metrics

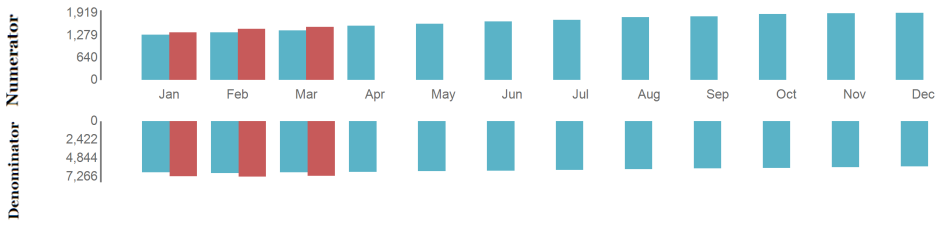
IMA

21.13%

21.20 %



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	19.25%	20.10%	21.13%	23.35%	24.53%	25.74%	26.87%	28.46%	29.31%	30.84%	31.67%	32.34%
2019	18.88%	20.18%	21.20%									
Goal	24.79%	25.52%	26.39%	26.94%	27.59%	28.38%	39.95%	42.75%	43.40%	47.95%	48.44%	48.83%

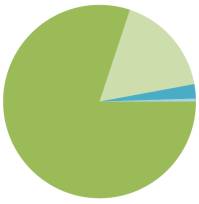


1,519

7,166

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
CLINICA SIERRA VISTA	265	1,505	17.61%	
OMNI FAMILY HEALTH	349	1,483	23.53%	
ALAN,DAKAK	169	402	42.04%	
HASMUKH,AMIN	126	308	40.91%	
JAVIER,BUSTAMANTE	78	266	29.32%	
KAISER FOUNDATION HEALTHPLAN,	7	243	2.88%	
LULUA,MANDVIWALA	39	164	23.78%	
ONYINYE,OKEZIE	34	123	27.64%	
SOHEILA,TORABI	3	120	2.50%	
AYODEJI,AYENI	42	104	40.38%	



Mem Group	Numerator	Denominator
FAMILY/OTHERS	20.60%	97.08%
SPD	0.60%	2.92%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

LBP

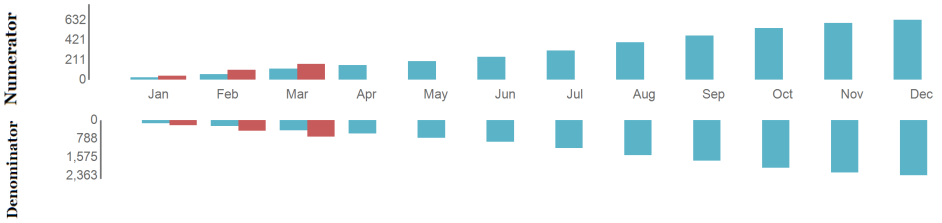
26.67%

23.35 %

545

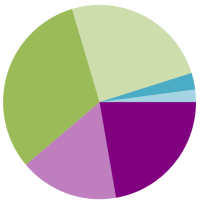
711

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	19.29%	22.66%	26.67%	26.83%	25.79%	25.89%	26.01%	26.38%	26.97%	26.83%	26.87%	26.75%
2019	19.43%	23.40%	23.35%									
Goal	83.82%	81.03%	76.63%	75.05%	73.78%	73.92%	74.36%	74.81%	74.33%	74.45%	74.93%	74.04%



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	186	237	78.48%	
CLINICA SIERRA VISTA	121	157	77.07%	
RAVINDERJIT,SINGH	22	26	84.62%	
EURAL,GORDON	21	23	91.30%	
AJITPAL,TIWANA	11	17	64.71%	
GOHAR,GEVORGYAN	10	13	76.92%	
POLYCLINIC MEDICAL CENTER	9	11	81.82%	
JUAN,CORONA	6	11	54.55%	
RONGLIN,LI	11	11	100.00%	
ALAN,RAGLAND	8	10	80.00%	



Mem Group	Numerator	Denominator
EXPANSION	29.31%	39.35%
FAMILY/OTHERS	43.83%	55.77%
SPD	3.66%	4.88%

KERN HEALTH SYSTEMS *Governed Reporting System*

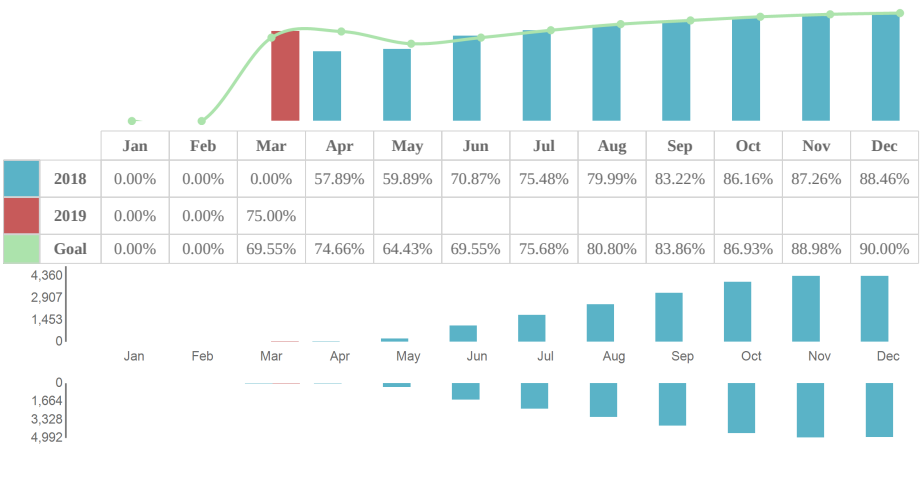
HEDIS 2020 Performance Trending Metrics

MPM ACE/ARBs

0.00%

75.00 %

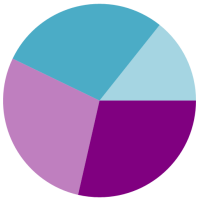
3/4



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	0.00%	0.00%	0.00%	57.89%	59.89%	70.87%	75.48%	79.99%	83.22%	86.16%	87.26%	88.46%
2019	0.00%	0.00%	75.00%									
Goal	0.00%	0.00%	69.55%	74.66%	64.43%	69.55%	75.68%	80.80%	83.86%	86.93%	88.98%	90.00%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	0	0	NaN	
CLINICA SIERRA VISTA	0	1	0.00%	
WILLIAM,BICHAI	0	0	NaN	
WARREN,WISNOFF	1	1	100.00%	
GOHAR,GEVORGYAN	0	0	NaN	
POLYCLINIC MEDICAL CENTER	0	0	NaN	
MICHAEL,KOMIN	0	0	NaN	
EURAL,GORDON	0	0	NaN	
NEDUMPANAMOOLAY,DEVASIA	0	0	NaN	
WILLIAM,GILLI	0	0	NaN	



Mem Group	Numerator	Denominator
EXPANSION	50.00%	50.00%
FAMILY/OTHERS	0.00%	0.00%
SPD	25.00%	50.00%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

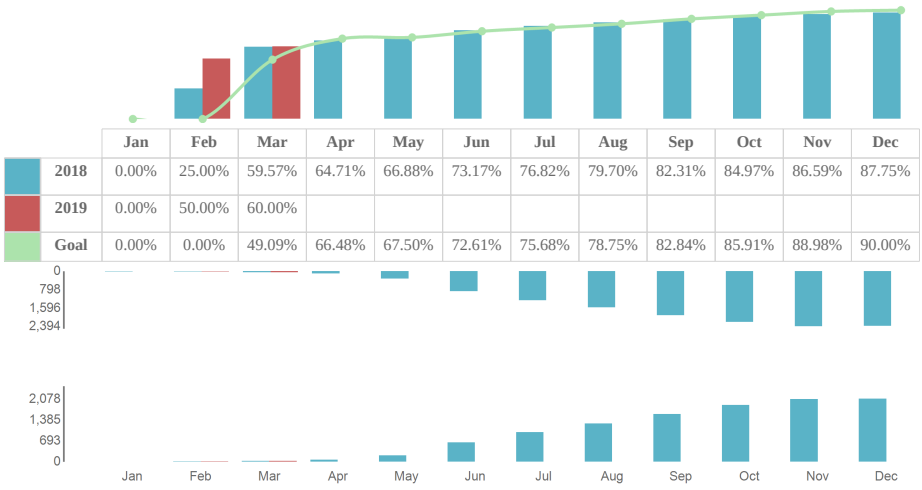
MPM Diuretics

59.57%

60.00 %

33

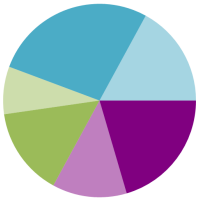
55



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	0.00%	25.00%	59.57%	64.71%	66.88%	73.17%	76.82%	79.70%	82.31%	84.97%	86.59%	87.75%
2019	0.00%	50.00%	60.00%									
Goal	0.00%	0.00%	49.09%	66.48%	67.50%	72.61%	75.68%	78.75%	82.84%	85.91%	88.98%	90.00%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	9	14	64.29%	
CLINICA SIERRA VISTA	2	7	28.57%	
WILLIAM,BICHAI	1	4	25.00%	
WARREN,WISNOFF	2	2	100.00%	
GOHAR,GEVORGYAN	0	3	0.00%	
POLYCLINIC MEDICAL CENTER	0	2	0.00%	
MICHAEL,KOMIN	2	2	100.00%	
EURAL,GORDON	1	2	50.00%	
NEDUMPANAMOOLAY,DEVASIA	2	2	100.00%	
WILLIAM,GILLI	1	1	100.00%	



Mem Group	Numerator	Denominator
EXPANSION	20.00%	32.73%
FAMILY/OTHERS	12.73%	23.64%
SPD	27.27%	43.64%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

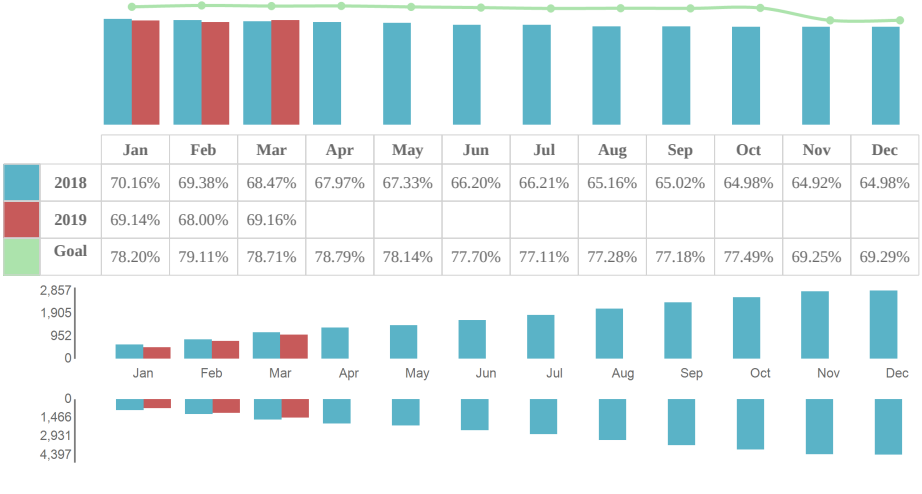
PRENATAL

68.47%

69.16 %

1,009

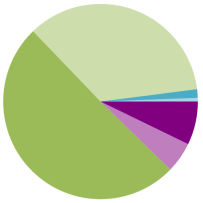
1,459



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	70.16%	69.38%	68.47%	67.97%	67.33%	66.20%	66.21%	65.16%	65.02%	64.98%	64.92%	64.98%
2019	69.14%	68.00%	69.16%									
Goal	78.20%	79.11%	78.71%	78.79%	78.14%	77.70%	77.11%	77.28%	77.18%	77.49%	69.25%	69.29%

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
CLINICA SIERRA VISTA	273	442	61.76%	
OMNI FAMILY HEALTH	275	349	78.80%	
MOHAMED,HAMMAMI	30	39	76.92%	
RAVINDERJIT,SINGH	28	36	77.78%	
JUAN,CORONA	18	27	66.67%	
SOHEILA,TORABI	10	26	38.46%	
EURAL,GORDON	20	24	83.33%	
GOHAR,GEVORGYAN	9	22	40.91%	
MIRNA,CHAMBI	15	19	78.95%	
POLYCLINIC MEDICAL CENTER	9	17	52.94%	



Mem Group	Numerator	Denominator
SPD	1.03%	2.40%
FAMILY/OTHERS	59.49%	85.47%
EXPANSION	8.64%	12.13%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

POSTPARTUM

41.40%

51.82 %

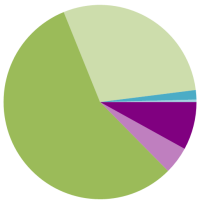
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	30.42%	37.04%	41.40%	46.87%	52.69%	53.53%	54.34%	54.20%	55.86%	58.53%	56.79%	56.93%
2019	44.29%	45.21%	51.82%									
Goal	24.35%	36.96%	47.80%	48.12%	51.73%	54.13%	53.14%	55.41%	59.28%	59.37%	57.83%	58.12%

756

1,459

Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
CLINICA SIERRA VISTA	236	442	53.39%	
OMNI FAMILY HEALTH	176	349	50.43%	
MOHAMED,HAMMAMI	21	39	53.85%	
RAVINDERJIT,SINGH	21	36	58.33%	
JUAN,CORONA	19	27	70.37%	
SOHEILA,TORABI	14	26	53.85%	
EURAL,GORDON	18	24	75.00%	
GOHAR,GEVORGYAN	10	22	45.45%	
MIRNA,CHAMBI	9	19	47.37%	
POLYCLINIC MEDICAL CENTER	9	17	52.94%	

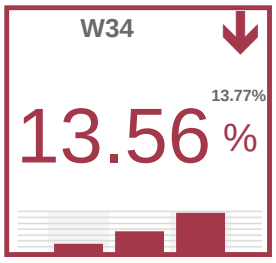


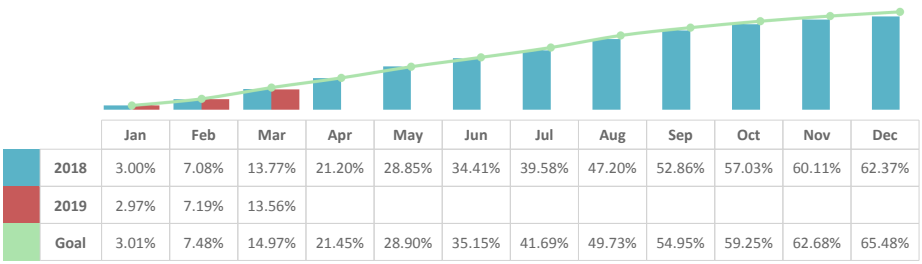
Mem Group	Numerator	Denominator
SPD	0.62%	2.40%
FAMILY/OTHERS	44.28%	85.47%
EXPANSION	6.92%	12.13%

KERN HEALTH SYSTEMS

Governed Reporting System

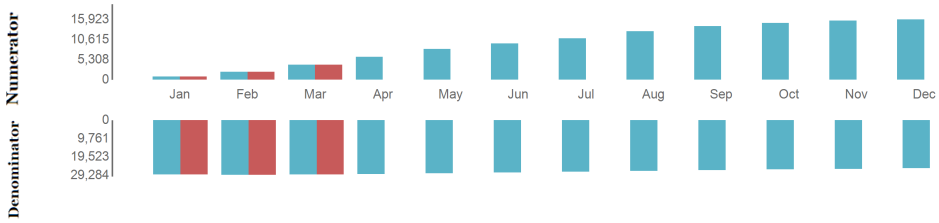
HEDIS 2020 Performance Trending Metrics





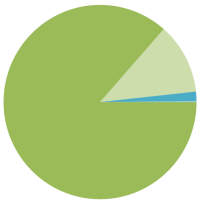
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	3.00%	7.08%	13.77%	21.20%	28.85%	34.41%	39.58%	47.20%	52.86%	57.03%	60.11%	62.37%
2019	2.97%	7.19%	13.56%									
Goal	3.01%	7.48%	14.97%	21.45%	28.90%	35.15%	41.69%	49.73%	54.95%	59.25%	62.68%	65.48%

3,922
28,915



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	837	5,582	14.99%	
CLINICA SIERRA VISTA	445	4,692	9.48%	
ALAN,DAKAK	408	3,163	12.90%	
JAVIER,BUSTAMANTE	284	1,728	16.44%	
HASMUKH,AMIN	192	1,190	16.13%	
KAISER FOUNDATION HEALTHPLAN,	1	1,141	0.09%	
ONYINYE,OKEZIE	121	1,102	10.98%	
EMAD,SHAFIC	151	596	25.34%	
AYODEJI,AYENI	83	541	15.34%	
LULUA,MANDVIWALA	62	539	11.50%	



Mem Group	Numerator	Denominator
FAMILY/OTHERS	13.40%	98.20%
SPD	0.16%	1.80%

KERN HEALTH SYSTEMS

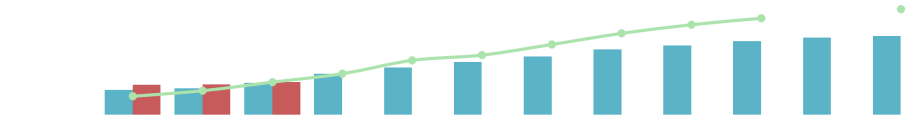
Governed Reporting System

HEDIS 2020 Performance Trending Metrics

WCC NC

5.28%

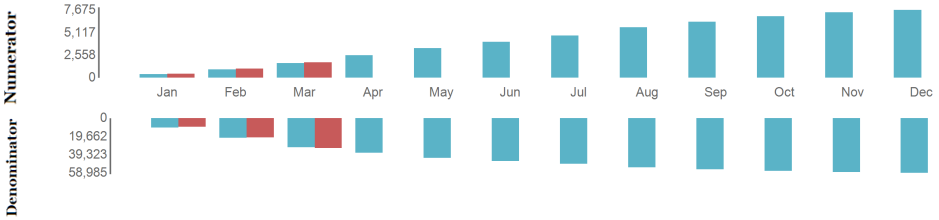
5.40 %



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	4.09%	4.39%	5.28%	6.79%	7.80%	8.72%	9.65%	10.79%	11.44%	12.21%	12.73%	13.01%
2019	4.93%	5.02%	5.40%									
Goal	3.10%	4.02%	5.44%	6.83%	9.04%	9.91%	11.67%	13.51%	14.94%	16.00%		17.51%

1,746

32,347



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	138	21,743	0.63%	
CLINICA SIERRA VISTA	42	20,361	0.21%	
ALAN,DAKAK	211	7,501	2.81%	
JAVIER,BUSTAMANTE	444	4,602	9.65%	
HASMUKH,AMIN	350	4,275	8.19%	
KAISER FOUNDATION HEALTHPLAN,	0	3,895	0.00%	
ONYINYE,OKEZIE	6	2,326	0.26%	
LULUA,MANDVIWALA	9	2,179	0.41%	
EMAD,SHAFIC	0	2,044	0.00%	
SOHEILA,TORABI	2	1,746	0.11%	

Mem Group	Numerator	Denominator
FAMILY/OTHERS	1.71%	97.41%
SPD	0.04%	2.59%

KERN HEALTH SYSTEMS

Governed Reporting System

HEDIS 2020 Performance Trending Metrics

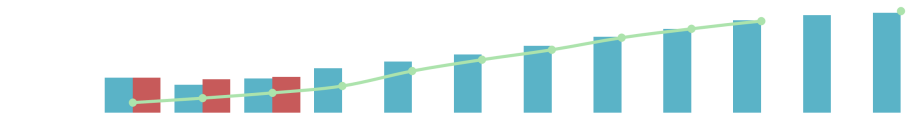
WCC PAC

2.84%

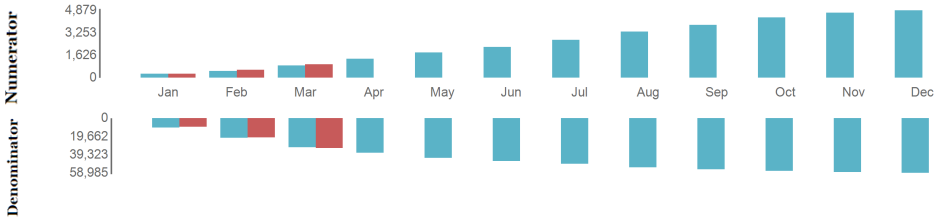
2.98 %

963

32,347

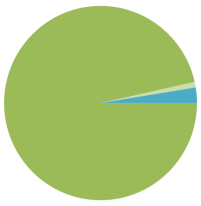


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	2.90%	2.32%	2.84%	3.68%	4.25%	4.82%	5.55%	6.29%	6.92%	7.64%	8.09%	8.27%
2019	2.91%	2.76%	2.98%									
Goal	0.86%	1.23%	1.67%	2.23%	3.47%	4.41%	5.23%	6.23%	6.97%	7.60%		8.43%



Top PCP's with Denominators

PCP Name	Numerator	Denominator	Rate	Trend
OMNI FAMILY HEALTH	37	21,743	0.17%	
CLINICA SIERRA VISTA	54	20,361	0.27%	
ALAN,DAKAK	179	7,501	2.39%	
JAVIER,BUSTAMANTE	441	4,602	9.58%	
HASMUKH,AMIN	0	4,275	0.00%	
KAISER FOUNDATION HEALTHPLAN,	0	3,895	0.00%	
ONYINYE,OKEZIE	1	2,326	0.04%	
LULUA,MANDVIWALA	2	2,179	0.09%	
EMAD,SHAFIC	0	2,044	0.00%	
SOHEILA,TORABI	8	1,746	0.46%	



Mem Group	Numerator	Denominator
FAMILY/OTHERS	0.93%	97.41%
SPD	0.01%	2.59%

KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
For April 11th, 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 is working with DHCS and contracted Hospitals on changes to Hospital Directed Payments. 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. The next deadline is coming up in July of 2019. Additionally, DHCS continues to provide updated information on the Provider Screening and Enrollment requirements which went into effect last year. An updated All-Plan Letter (APL) on this subject is expected soon.

Health Homes

Health Home Program (HHP) sites with Omni, Dignity, Premier, and Kern Medical are operational and meeting enrollment targets. A second Omni site outside of Bakersfield is being considered. Additional Health Home Sites with CSV are currently on hold until late 2019. 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.

FEDERAL AND STATE LEGISLATIVE SUMMARY UPDATE

State Legislative Update

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

Federal Update

Nationally the President is moving to again try to repeal the Affordable Care Act siding with Texas in ***Texas vs. Azar***. The Administration claims the entire act must be tossed out because the individual mandate penalty was zeroed out by Congress a few years ago. Attorney Generals in several "blue" states are refuting this claim. Part of their argument is Congress deliberately limited their action to the individual mandate with no intentions of impacting other aspects of the Affordable Care Act.

Excerpt from the NY Times…..

> *If the appeals court accepts the Trump administration's new arguments, millions of people could lose health insurance, including those who gained coverage through the expansion of Medicaid and those who have private coverage subsidized by the federal government.*
>
> *"The Justice Department is no longer asking for partial invalidation of the Affordable Care Act, but says the whole law should be struck down," Abbe R. Gluck, a law professor at Yale who has closely followed the litigation, said on Monday. "Not just some of the insurance provisions, but all of it, including the Medicaid expansion and hundreds of other reforms. That's a total bombshell, which could have dire consequences for millions of people."*
>
> *The new position is also certain to reignite a political furor over the Affordable Care Act, ensuring that it will figure even more prominently in the 2020 elections. Democrats have been saying that President Trump still wants to abolish the law, and they can now point to the Justice Department's filing as evidence to support that contention.*

Additionally, the Administration released a proposed rule for comment that would eliminate Pharmacy Benefit Managers' ability to negotiate rebates from Drug Manufactures unless those

rebates were passed along to beneficiaries at the time of purchase. Since Medicaid has low to no out-of-pocket costs for consumers, this proposed rule would have a negative effect on the costs of the program. Feedback on this proposal is being developed for submission. Other proposed policy/rule changes including modifying the definition of "public charge" and updating the "Mega-Reg" are awaiting further guidance. 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.

KHS APRIL ENROLLMENT:

Medi-Cal Enrollment

As of April 1, 2019, Medi-Cal enrollment is 171,793 which represents a decrease of 0.005% from March enrollment.

Seniors and Persons with Disabilities (SPDs)

As of April 1, 2019, SPD enrollment is 13,421, which represents an increase of 0.1% from March enrollment.

Expanded Eligible Enrollment

As of April 1, 2019, Expansion enrollment is 59,915, which represents an increase of 0.4% from March enrollment.

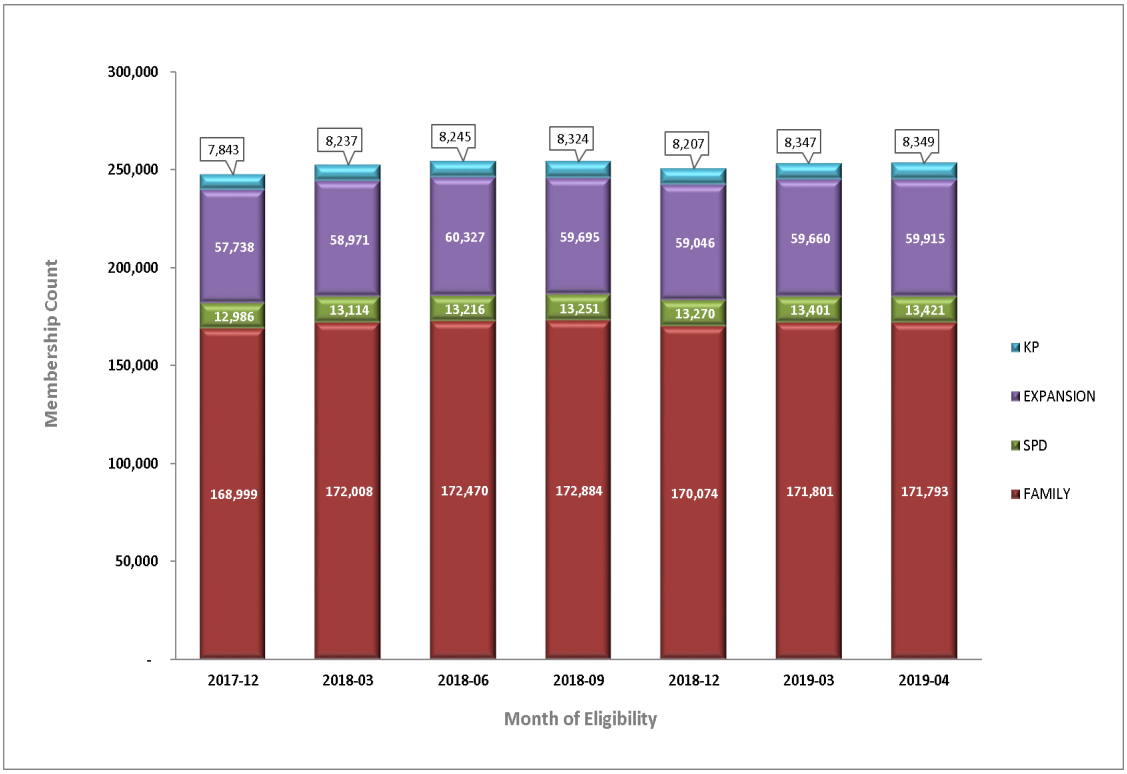
Kaiser Permanente (KP)

As of April 1, 2019, Kaiser enrollment is 8,349, which represents an increase of 0.02% from March enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of April 1, 2019, total Medi-Cal enrollment is 253,478, which represents an increase of 0.1% from March enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/ Member Months Total
2017-12	168,568	12,986	57,738	7,843	431	247,566
2018-03	171,607	13,114	58,971	8,237	401	252,330
2018-06	172,083	13,216	60,327	8,245	387	254,258
2018-09	172,425	13,251	59,695	8,324	459	254,154
2018-12	169,650	13,270	59,046	8,207	424	250,597
2019-03	171,535	13,401	59,660	8,347	266	253,209
2019-04	171,516	13,421	59,915	8,349	277	253,478



KHS ADMINISTRATIVE INITIATIVES

Marketing/Public Relations Update

KHS will share sponsorship in the following events in April and May:

- KHS donated $1,000 to the Bakersfield College Educational Foundation to sponsor the Public Health BC Renegades Hackathon on April 4th and 5th in Bakersfield.
- KHS donated $1,000 to the Kern County Cancer Fund to sponsor the 2019 Campout Against Cancer on April 5th and 6th in Bakersfield.
- KHS donated $300 to Garden Pathways to sponsor their 2019 Great American Clean-Up in the 34th Street area on April 6th.
- KHS donated $1,000 to Court Appointed Special Advocates (CASA) to sponsor their 2019 Superhero Run on April 6th at The Park at River Walk in Bakersfield.
- KHS donated $500 to H.E.A.R.T.S. Connection to sponsor their World Autism Day event on April 6th in Bakersfield.
- KHS donated $1,000 to California Coverage & Health Initiatives to sponsor the 11th Annual Champions for Coverage Awards Reception on April 8th in Sacramento.
- KHS donated $3,500 to the American Cancer Society to sponsor 2019 Relay for Life events that will take place in Bakersfield and several outlying Kern County communities (Delano, Wasco/Shafter and Tehachapi).
- KHS donated $200 to the City of Wasco Code Enforcement Office to support their Community Clean-Up event on April 13th in Wasco.
- KHS donated $2,500 to the March of Dimes to sponsor the 2019 March for Babies on April 27th in Bakersfield.
- KHS donated $2,500 to the Links for Life to sponsor the 26th Annual Sharyn Woods Memorial Golf Gala and Tournament on April 27th & 29th in Bakersfield.
- KHS donated $2,500 to the Bakersfield City School District Educational Foundation to sponsor their 4th Annual Bakersfield Luau on April 27th in Bakersfield.
- KHS donated $2,500 to the Community Action Partnership of Kern (CAPK) to sponsor their 2019 Humanitarian Awards Banquet on May 9th in Bakersfield.

In April & May, KHS will participate in:

- 4/4 Spring into a Healthy Start @ Richland School District in Shafter
- 4/4 Greenfield Health and Safety Fair @ Greenfield Family Resource Center
- 4/12 GET Bus Food Distribution & Resource Fair @ Downtown Transit Center
- 4/13 Taft Health Fair @ Buena Vista High School
- 4/14 Grimmway Farms Annual Company Picnic/Health and Benefits Fair @ Kern County Fair
- 4/18 Homeless Consumer & Service Provider Day @ St. Vincent de Paul in Bakersfield
- 4/24 Safe Families Resource Fair @ Kern County Department of Human Services in Bakersfield
- 4/24 Now We're Cooking event @ McKinley Elementary in Bakersfield
- 5/3 Spring Resource Fair @ Bakersfield Adult School
- 5/4 Festival Dia de la Familia - Cinco de Mayo Celebración @ Manuel Park in Shafter
- 5/11 4th Annual SIKH Women's Association 5K Run @ The Park at River Walk in Bakersfield
- 5/16 Homeless Consumer & Service Provider Day @ Bakersfield Homeless Center
- 5/22 Free Produce Event @ Catholic Charities in Bakersfield

Dashboard Presentation

- The 1st Qtr. 2019 Projects Report summarizing projects tracked quarterly throughout the year is found under Attachment E
- The 1st Qtr. 2019 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

April 11, 2019

STATE

Department of Health Care Services (DHCS)

All Plan Letters (APL)

The DHCS issued zero (0) APLs during the months of February and March to provide guidance for Managed Care Plans (MCP).

Department of Manage Health Care (DMHC)

All Plan Letters (APL)

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

APL 19-006 – The DMHC requested data regarding the clinical measures that Plans collect and track pertaining to Antibiotic Stewardship, Asthma Care, Diabetes Care, Opioid Stewardship, and Smoking Cessation. The purpose of this data collection was to understand the alignment of measures for these particular areas and to understand each Plan's level of focus on each area. Plans were required to complete a questionnaire and submit it on or before March 8, 2019.

APL 19-007 – The DMHC issued this APL to remind Plans of the requirements under Assembly Bill 2941 (Berman, Ch. 196, Stats. 2018) and the related DMHC filing instructions. Governor Newsom declared a state of emergency in a number of California counties due to severe storms. Assembly Bill 2941 (Berman, Ch. 196, Stats. 2018) requires Plans to provide enrollees displaced by a declared state of emergency with continued access to medically necessary health care services.

APL 19-008 – The DMHC issued this APL to provide information regarding certain requirements Plans must take that utilize the DMHC mandatory Provider Appointment Availability Survey (PAAS) Methodology in connection with the submission of Timely Access Compliance Reports for MY 2019. Plans are required to utilize an external vendor to review the health plan's Timely Access data and conduct a quality assurance review of the Plan's *Timely Access Compliance Report*, prior to submission of the report to the DMHC. Each Plan is responsible for securing its own agreement with an external vendor and ensuring that the Plan's MY 2019 *Timely Access Compliance Report* is submitted no later than April 1, 2020.

APL 19-008 – The DMHC issued this APL to remind Plans to file on or before May 15, 2019, the *Report of Enrollment Plan*, as required by Health and Safety Code section 1356 and the California Code of Regulations, title 28, section 1300.84.6(a). The *Report of Enrollment Plan* is an online form to be filed electronically, via the Department's e-Filing web portal. This form is used to calculate the annual assessment for each Plan.

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 a subsequent board packet.

California State Auditor's Office

Update: The final report was issued April 4th.

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 be 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.

Centers for Medicare and Medicaid Services (CMS)

The Chief Financial Officer received notice (a letter) from CMS regarding their intent to audit the California Medicaid Managed Care Medical Loss Ratio. The reporting periods under review include: January 1, 2014 to June 30, 2015, and July 1, 2015 to June 30, 2016.

The examination has several objectives:

- Determine if the MLR was reasonably represented by Medicaid managed care plans, specifically whether the numerator was accurately reported to DHCS with appropriate documentation and consistent with generally accepted accounting principles;
- Assess if Medicaid managed care plans' provider incentive payments and payments to related party entities were consistent with California's contractual requirements and documented appropriately;
- Focus on Medicaid managed care plans who required multiple re-submissions of their MLR calculations to DHCS to determine the cause of those re-submissions and if the causes of the re-submissions have been corrected;
- Determine and understand what factors are responsible for large variations across Medicaid managed care plans in components of their MLR calculations to ensure that the Medicaid managed care plans have sufficient documentation related to the factors to support the MLR calculations.

DHCS Medical Audit –2018

Update: Corrective Action Plans (CAPs) were drafted by Plan management and presented to the DHCS Audit Team; however, the final acceptance letter pertaining to the CAPs is outstanding with the Department at this time. Once received, the letter along with the CAPs document will be presented to the KHS BOD.

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

DMHC Routine Medical Survey of Kern Health Systems

The Director of Compliance and Regulatory Affairs received an entrance letter from the Department. As authorized by Health and Safety Code section 1380 and Title 28, California Code

of Regulations section 1300.80, the Department will conduct a Routine Survey of Plan starting on August 5, 2019 at the Plan's administrative offices in Bakersfield, CA.

The purpose of the audit is as noted in the entrance letter: "Surveys pursuant to Health and Safety Code section 1380 assure the protection of subscribers and enrollees (non-SPD). The purpose of the survey is to assess the overall performance of the Plan in providing health care benefits and meeting the health care needs of subscribers and enrollees." Audit period covers: March 1, 2017 to February 28, 2019

DMHC Notification of a Routine Examination

The Director of Compliance and Regulatory Affairs received an entrance letter from the Department.

The purpose of the letter was to inform Plan of the Department's intent to conduct a routine examination of the Plan as required by Section 1382 of the Knox-Keene Health Care Service Plan Act. The examination will be of the Plan's fiscal and administrative affairs, including an examination of the financial report for the quarter ended March 31, 2019. Audit period covers: March 1, 2017 to March 31, 2019 (claims period).

(Reporting next page)

Reporting to government agencies

February 2019

Report Name/Item	Status
AB 1455 Claims Settlement Report (Quarterly) (DMHC)	On Time
BHT-CDE Monthly	On Time
Grievance & Appeals	On Time
MER Monthly	On Time
Mental Health	On Time
Monthly Certification Statement	On Time
NMT-NEMT Monthly	On Time
Out-of-Network	On Time
Palliative Care	On Time
Provider Calls Monthly	On Time

March 2019

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
Timely Access (Annual) (DMHC)	On Time

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
APL 19-001	Medi-Cal Managed Care Health Plan Guidance on Network Provider Status	Provider Relations Compliance	The APL relates to Network Provider standardized contracting requirements, including KHS Network Provider and Subcontractor agreements, provider directory reporting, network adequacy certification, and directed payments.	3/26/2019	Provider and Hospital Boiler Plates have been submitted to DHCS for review and comment.	
APL 19-002	Network Certification Requirements	Provider Relations Compliance	The APL provides guidance to KHS about reporting requirements for the Annual Network Certification process. The APL also outlines network adequacy standards the Plan will follow.	3/26/2019	APL has been reviewed with Provider Relations. Necessary P&P updates will be made in April 2019.	

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
APL 19-001	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	
APL 19-002	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 provided required response to DMHC.	
APL 19-003	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.	
APL 19-004	Telehealth/Teledentistry Sample Questions	Compliance Provider Relations	Provides general information and guidance regarding the review of telehealth and tele dentistry contracts, services, and benefits by DMHC and the Office of Plan Licensing.	1/23/2019	Documents sent to Provider Relations for evaluation.	
APL 19-005	Plan Year 2020 QHP and QDP Filing Requirements	N/A	N/A	1/24/2019	N/A	N/A

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
APL 19-006	Clinical Quality Improvement	Compliance Quality Improvement	The APL includes a survey that collects information pertaining to Antibiotic Stewardship, Asthma Care, Diabetes Care, Opioid Stewardship, and Smoking Cessation.	2/18/2019	Survey Completed by Health Services and sent to the DMHC.	
APL 19-007	Filing requirements under Assembly Bill 2941	Compliance	Provides action requirements for Plans to follow after a declaration of emergency by the Governor that displaces or has the immediate potential to displace enrollees.	3/4/2019	KHS acknowledges the APL and is creating an Action Plan to respond to the APL's requirements.	
APL 19-008	Timely Access Compliance Reports MY 2019	Provider Relations Compliance	Provides MY 2019 requirements for Plan that conduct a (DMHC) mandatory Provider Appointment Availability Survey (PAAS)	3/15/2019	Compliance forwarded the APL for review. Compliance will meet with Stakeholders in April.	
APL 19-009	2019 Annual Assessments	Finance Compliance	Provides Plans with direction for filing the Report of Enrollment Plan	3/29/2019	Compliance forwarded the APL for review. Compliance will meet with Stakeholders for supporting documentation.	

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
APL 18-001	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.						
APL 18-002	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
APL 18-003	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
APL 18-004	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.						
APL 18-005	Network Certification Requirements	Provider Relations Compliance	Guidance provided to MCPs regarding new Annual Network Certification, reporting requirements, and associated network adequacy standards.			APL 18-005 is superseded by APL 19-002:Network Certification Requirements.			
APL 18-006	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.						
APL 18-007	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	4/1/2019	Requirement not met: Policy and Procedure 3.13-P, EPSDT Services and Targeted Case Management requires minor revisions. Policies and Procedures 3.03-P, 3.05-P, 3.16-P, and 3.56-P require review and implementation.		Compliance Requirement Met: Policies and Procedures 3.03-P, 3.05-P, 3.13-P, 3.16-P, and 3.56-P have been reviewed and revised.	
APL 18-008 REVISED	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
APL 18-009	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.	3/25/2019	5/30/2019	In Process: A Compliance Auditor is reviewing the Prospective Review documents. Compliance will confirm all requirements were met.			
APL 18-010	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.						
APL 18-011	California Children's Services Whole Child Model Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-012	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	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-013	Hepatitis C Virus Treatment Policy Update	Health Services Pharmacy	Updates DHCS hepatitis C policy that was previously released in July 2015.	2/20/2019	4/30/2019	In Process: Policy 3.22-P, Referral and Authorization Process was revised to reference APL. Pharmacy HCV Approval Criteria was updated to reflect APL. Pending response from Provider Relations regarding delegates.			
APL 18-014	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	4/30/2019	In Process: Pending review of possible findings by the Stakeholder.			

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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
APL 18-015	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.						
APL 18-016	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	2/25/2019	Compliance Requirement Met: 2.30-I, Health Services-Quality Improvement is in alignment with the APL requirements.			
APL 18-017	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	TBD	Compliance Requirement Not Met: 3.13-P, is in line with the APL requirements. Pending Stakeholder response regarding the Plan's responsibility to educate Providers about CPT coding of Blood Lead Screenings.			
APL 18-018	Diabetes Prevention Program	Health Services Disease Management Provider Relations Member Services	The APL provides guidance on the implementation of the Diabetes Prevention Program.						
APL 18-019	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.						
APL 18-020	Palliative Care	Health Services Provider Relations Member Services Health Homes	Updates the obligations of MCPs to provide palliative care to their beneficiaries.						
APL 18-021	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

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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
APL 18-022	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	3/4/2019	The Plan is compliant with the APL requirements. Currently there are no FBC/Midwifery Service Providers in-network. The Plan reports network status of these mandatory provider types to DHCS. Pending response from Provider Relations regarding delegates.			
APL 18-023	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

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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
APL 17-001	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
APL 17-002	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.	
APL 17-003	Treatment of Recoveries Made by the Managed Care Health Plan of Overpayments to Providers	Claims	Recovery of overpayments	4/19/2018	6/15/2018	Compliance Requirement Not Met: Policy 6.01- P, Claims Submission and Reimbursement, was updated with the required revisions. Policy 6.29-I, Recovery of Claims Overpayments requires minor policy revisions.		Compliance Requirement Met: Policy 6.29-I, Recovery of Claims Overpayments was updated to reference Policy 6.01- P, Claims Submission and Reimbursement.	
APL 17-004	Subcontractual Relationships and Delegation	Corporate Services Utilization Management Quality Improvement Provider Relations Information Technology	New and existing Subcontracting and Delegation Requirements.	8/9/2018	4/1/2019	Compliance Requirement Not Met: The Plan's Legal Counsel is revising the Professional Service Agreement (PSA) to incorporate applicable APL requirements. Policy revisions are recommended for 14.55-I, Delegated Oversight Monitoring.			
APL 17-005	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.			
APL 17-006	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.	
APL 17-007	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.	

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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
APL 17-008	Requirement to Participate in the Medi-Cal Drug Utilization Review Program	Health Services Pharmacy	Requirements to Participate in the Medi-Cal Drug Utilization Review Program	7/2/2018	8/31/2018	Compliance Requirement Met: 13.04-I, Formulary Process and Drug Utilization Review, is in alignment with the APL requirements.			
APL 17-009	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 apprising Providers of current PPC reporting requirements.	
APL 17-010	Non-Emergency Medical and Non-Medical Transportation Services	Member Services Provider Relations Health Services	Non-Emergency Medical and Non-Medical Transportation Services.	7/10/2018	11/30/2018	Compliance Requirement Met: 5.15-I, Member Transportation Assistance, is in alignment with the APL requirements. Compliance randomly selected samples for verification of reconciliation .			
APL 17-011	Standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	Member Services Provider Relations Health Services	Identifies standards for Determining Threshold Languages and Requirements for Section 1557 of the Affordable Care Act	6/11/2018	7/17/2018	Compliance Requirement Met: 3.70- I, Cultural and Linguistic Services, 3.71-P Linguistic Services, and 12.02-I Translation of Written Member Informing Materials, are in line with APL requirements.			
APL 17-012	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
APL 17-013	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	3/26/2019	Compliance Requirement Not Met: 3.75-I, is not in alignment with the APL requirements, DHCS Contract A.10.4. and CA.W&I §14182 14.A-E. Stakeholder's are developing a Process to restratify SPD Members and revise Policy 3.75-I, to include current process and procedures.		Compliance Requirement Not Met: The Plan is currently revising Policy 3.75-I. Risk Stratification Reports include ICD-10 Diagnosis Codes to correctly stratify SPD Members.	
APL 17-014	Quality and Performance Improvement Requirements (Supersedes APL 16-018)	Health Services Quality Improvement	Outlines changes to the Quality and Performance Improvement Program	9/8/2018	11/28/2018	20.50- I, Medi-Cal Managed Care Quality and Performance Improvement Program Requirements is in alignment with APL 17-014 (implementation date 4/13/2018).			

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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
APL 17-015	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-I § 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.	
APL 17-016	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
APL 17-017	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.	
APL 17-018	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.			
APL 17-019	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
APL 17-020	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.			
APL 17-021	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-I, Third Party Liability, policy revisions are in line with the APL requirements. 60.06-I was fully implemented on 6/21/2018.			

Key	
	Compliance - Yes
	Compliance - No
	Outcome Pending
	N/A-Informational/Supersedes

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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
APL 18-001	Newly Enacted Statutes Impacting Health Plan License Files	Compliance Member Services	Identifies requirements for EOC'S, Disclosure Forms, Provider Contracts.						
APL 18-002	Timely Access Compliance Report MY 2018	Compliance Provider Relations	Accurate filing of the Timely Access Compliance Report for MY 2018.	1/16/2019	4/15/2019	In Process: Compliance created a Matrix identifying all required deliverables. The Plan must comply with the APL by 3/31/19. Final review of deliverables is calendared for 4/5/19.			
APL 18-003	Plan Year 2019 QHP/QDP Filing Requirements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-004	Unified Billing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-005	Administrative Services Agreement (ASA) Checklist	Compliance Procurement and Facilities	Amended Administrative Services Agreement Updates.	3/26/2019	5/31/2019	In Process: Compliance creating a Matrix to validate the APL requirements with deliverables.			
APL 18-006	Annual Assessment	Compliance Finance	Reporting of the Plans Enrollment and Utilization.	1/28/2019	3/22/2019	Compliance Requirement Met: The Plan timely and accurately filed all required elements of the APL.			
APL 18-007	Confidentiality of Information Submitted to Office of Plan Licensing	Compliance	Guidance for submitting requests for Confidentiality.						
APL 18-008	AB72 Delegated Entity Report	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-009	Responding to Help Center RHPIs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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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
APL 18-010	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
APL 18-011	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
APL 18-012	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
APL 18-013	Revisions to the Independent Medical Review Form (IMR)/Complaint Form	Compliance	Compliance distributed the All Plan Letter (APL) to Stakeholders.						
APL 18-014	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
APL 18-015	Filing Requirements for the Medi-Cal Health Homes Program	HHP Compliance	Evidence of Coverage, Enrollee Notices, and Plan developed outreach and education materials.						
APL 18-016	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.						
APL 18-017	Large Group Renewal Notice Requirements for SB546 Implementation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
APL 18-018	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
APL 18-019	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 – April 2019

State Legislative Session

So far this session there are an assortment of bills being tracked including: expansion of Medi-Cal to undocumented immigrants, additional Medi-Cal benefits, enhancing oversight/quality, and improving access. The last day for new bills to be introduced was February 22nd. Various committee hearings and votes are taking place as legislation moves through the process. Staff is currently tracking 38 bills and continue to work with our Trade Associations to make recommendations on draft bills.

Concurrently, DHCS and the new Governor's Administration continue to focus on health care through non-legislative channels. KHS staff is working with various parties regarding a proposal to carve-out Pharmacy services from Managed Care Plans by 2021, and proposed increased rigor around quality reporting. More details about these proposals will be available at the June Board of Directors meeting.

Below is a list of bills currently being followed:

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. An individual may maintain their primary care provider as their assigned primary care provider in the Medi-Cal managed care health plan's provider network without disruption to their continuity of care. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB4	3/28/2019 - Amend, and re-refer to Com. on HEALTH. Read second time and amended.
AB 166 (Gabriel)	This bill would, no later than July 1, 2020, make violence preventive services provided by a qualified violence prevention professional, as defined, a covered benefit under the Medi-Cal program, subject to utilization controls. The bill would make the benefit available to a Medi-Cal beneficiary who has received medical treatment for a violent injury and for whom a licensed health care provider has determined that the beneficiary is at elevated risk of reinjury or retaliation and has referred the beneficiary to participate in a violence preventive services program. The bill would require the department to approve at least one governmental or nongovernmental accrediting body with expertise in violence preventive services to review and approve training and certification programs. The bill would require an entity that employs or contracts with a qualified violence prevention professional to maintain specified documentation on, and to ensure compliance by, that professional. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB166	3/11/2019 - Re-referred to Com. on HEALTH.

AB 318 (Chu)	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. 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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB318	CAHP/LHPC Oppose 3/27/2019 - Re-referred to Com. on APPR.
AB 385 (Calderon)	Requires DHCS to develop an EPDST Mental Health performance outcome system and a specified reporting platform. The platform data will be used to help improve outcomes and to inform fiscal decision making related to the purchase of services. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB385	02/15/19 Referred to Com. on HEALTH.
AB 526 (Petrie-Norris)	Requires the State Department of Health Care Services, in collaboration with designated entities, to design, promulgate, and implement policies and procedures for an automated enrollment gateway pathway, operational no later than May 1, 2020, designating the WIC Program and its local WIC agencies as Express Lane agencies and using WIC eligibility determinations to meet Medi-Cal eligibility requirements. The bill would require the pathway to perform specified functions to streamline Medi-Cal enrollment and maximize health care coverage. The bill would require that benefits for applicants enrolling in the Medi-Cal program using the pathway be provided immediately through accelerated enrollment for children and presumptive eligibility for pregnant women.	03/28/19 - Amend, and re-refer to Com. on HEALTH. Read second time and amended.
AB 537 (Arambula)	Beginning January 1, 2022, requires a Medi-Cal managed care plan to meet a minimum performance level (MPL) that improves the quality of health care and reduces health disparities for enrollees and annually report the results of the quality assessment and performance improvement program on the department's internet website. The bill requires DHCS to establish both a quality assessment and performance improvement program and a value-based financial incentive program to ensure that a Med-Cal managed care plan achieves an MPL. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB537	2/25/2019 - Referred to Com. on HEALTH

AB 648 (Nazarian)	This bill would prohibit health care service plans and insurers from sharing any personal information or data collected through a wellness program, and would prohibit health care service plans or insurers from taking any adverse action, if the action of the health care service plans or insurers is in response to a matter related to a wellness program, such as an individual's election to not participate in a wellness program. The bill would establish and impose upon health care service plans and insurers various requirements related to a wellness programs, such as requiring a health care service plan or insurer to provide an individual information concerning its policies and practices pertaining to wellness programs, as specified.	CAHP Oppose 3/28/2019 - Read second time and amended.
AB 651 (Grayson)	This bill would, commencing July 1, 2020, require the department to set and maintain the Medi-Cal fee rate for air ambulance services provided by either fixed or rotary wing aircraft that is equal to a percentage of the rural Medicare rates for those services, as described, and to the extent federal financial participation is available and necessary federal approvals have been obtained. The bill would specify that, commencing July 1, 2020, the amounts a noncontract emergency medical transport provider could collect if the beneficiary received medical assistance other than through enrollment in a Medi-Cal managed care health plan pursuant to a specified federal law would be the resulting fee-for-service payment schedule amounts after the application of the rate established pursuant to the bill. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB651	02/25/19 Referred to Com. on HEALTH.
AB 678 (Flora)	Provides that the exclusion of podiatric services is effective only through December 31, 2019, and would restore podiatric services as a covered benefit of the Medi-Cal program as of January 1, 2020, or the effective date of federal approvals as specified. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB678	3/26/2019 - In committee: Hearing postponed by committee.

AB 715 (Arambula)	Requires, upon receipt of federal approval, all countable income over 100% of the federal poverty level, up to 138% of the federal poverty level, to be disregarded, after taking all other disregards, deductions, and exclusions into account for those persons eligible under the program for aged and disabled persons.	LHPC/CAHP Support 02/28/19 Referred to Com. on HEALTH.
AB 741 (Arambula)	This bill would require the department to provide trainings for certain personnel, including, among other things, instruction on how to identify and make appropriate referrals for patients who have tested positive in trauma screenings. The bill would require the department to create specified codes for the administration of, and compliance with, trauma screening requirements, and to submit a related annual report to the Legislature. The bill would require the department to evaluate the potential for integrating current tools used by the department with validated trauma screening tools to produce a single, validated tool, and to report the department's findings and recommendations to the Legislature no later than December 31, 2023. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB741	3/28/2019 - Amend, and re-refer to Com. on HEALTH.
AB 744 (Aguiar-Curry)	Requires a contract between a health care service plan and a healthcare provider for the provision of healthcare services to an enrollee for an alternative rate of payment to specify that the plan reimburse a healthcare provider for the diagnosis, consultation, or treatment delivered through telehealth services on the same basis and to the same extent that the health care service plan is responsible for reimbursement for the same service through in-person diagnosis, consultation, or treatment. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB744	02/28/19 Referred to Com. on HEALTH.

AB 767 (Wicks)	Requires health care service plan contract to provide coverage for in vitro fertilization, as a treatment of infertility, and mature oocyte cryopreservation. The bill would delete the exemption for health care service plans from the requirements relating to coverage for the treatment of infertility. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB767	02/28/19 Referred to Com. on HEALTH.
AB 848 (Gray)	This bill would add continuous glucose monitors and related supplies required for use with those monitors to the schedule of benefits under the Medi-Cal program for the treatment of diabetes mellitus when medically necessary, subject to utilization controls. The bill would also authorize the department to require the manufacturer of a continuous glucose monitor to enter into a rebate agreement with the department. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB848	03/27/19 From committee: Do pass and re-refer to Com. on APPR.
AB 890 (Wood)	Authorizes a nurse practitioner to practice without the supervision of a physician and surgeon if the nurse practitioner meets specified requirements. Authorizes the nurse practitioner to perform specified functions including ordering and interpreting diagnostic procedures, certifying disability, and prescribing, administering, dispensing, and administering controlled substances. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB890	3/4/2019 - Referred to Com. on B. & P.
AB 977 (Stone)	Requires the department to conduct a review of a report published by the California State Auditor concerning EPSDT services, to develop and publish a report on the department's findings and response, and to solicit comments from the public regarding the department's report. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB977	3/28/2019 - Amend, and re-refer to Com. on HEALTH.
AB 990 (Gallagher)	This bill would require a Medi-Cal managed care plan contract entered into, or amended, on or after January 1, 2021, to require the contracting Medi-Cal managed care plan to offer financial incentives to its existing enrollees for the purpose of promoting participation in preventive health or wellness activities, as specified, for a value of at least $100 annually per participating enrollee. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB990	3/28/2019 - Amend, and re-refer to Com. on HEALTH. Read second time and amended.

AB 1004 (McCarty)	This bill would require, consistent with federal law, that screening services provided as an EPSDT benefit include developmental screening services for individuals zero to 3 years of age, inclusive. The bill would require the department to ensure a Medi-Cal managed care plan's ability and readiness to perform these developmental screening services, and would require the department to adjust a Medi-Cal managed care plan's capitation rate, as specified. Until July 1, 2023, the bill would require an external quality review organization entity to annually review, survey, and report on managed care plan reporting and compliance with specified developmental screening tools and schedules. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1004	3/7/2019 - Referred to Com. on HEALTH.
AB 1131 (Gloria)	This bill would provide that comprehensive medication management (CMM) services, as defined, are covered under the Medi-Cal program, and would require CMM services to include, among other specified functions, the development of a care plan in collaboration with the beneficiary and the beneficiary's health care providers to address identified medication therapy problems. The bill would require CMM services to be offered to a beneficiary who meets one or more of specified criteria, including being prescribed 8 or more prescription drugs or biologics to treat or prevent 2 or more chronic medical conditions. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1131	3/26/2019 - Re-referred to Com. on HEALTH.
AB 1174 (Wood)	This bill would require a health care service plan, its delegated entity, or a health insurer to notify the Department of Managed Health Care or the Insurance Commissioner before the expiration or plan-, entity-, or insurer-initiated termination of a contract pursuant to which anesthesia services are provided. The bill would require the Department of Managed Health Care or the Insurance Commissioner to issue a finding that, at the expiration or termination of an anesthesia services contract initiated by a health care service plan, its delegated entity, or a health insurer, contracts are required to be in place with anesthesiologists so that specified requirements are met. This bill would authorize the Director of the Department of Managed Health Care or the Insurance Commissioner to assess an administrative penalty by order, after appropriate notice and opportunity for hearing, if the director or commissioner determines that a health care service plan, its delegated entity, or a health insurer has failed to comply with a finding. Does not apply to Medi-Cal Managed Care Plans. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1174	CAHP Oppose 3/26/2019 - Re-referred to Com. on HEALTH. In committee.

AB 1175 (Wood)	This bill would require the EQRO to collect additional data, including performance data for each Medi-Cal managed care health plan and county mental health plan, to inform strategies to improve access to mental health services. The bill would require the EQRO to report, by specified dates, various information concerning the county mental health plan and the Medi-Cal managed care health plan. This bill would require the department to require that the MOU include additional components, including a referral protocol between the county mental health plan and the Medi-Cal managed care health plan that tracks the number of referrals for service from one plan to the other plan. The bill would require the department to annually evaluate the implementation of the MOU and related protocol and policies. The bill would require a county mental health plan and Medi-Cal managed care health plan that are unable to resolve a dispute to timely submit a request for resolution to the department. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1175	04/02/19 - Amend, and re-refer to Com. on HEALTH.
AB 1268 (Rodriguez)	This bill would require a health care service plan or health insurer, on or before July 1, 2020, and annually on July 1 thereafter, to report to the appropriate department the number of times in the preceding calendar year that each health care service was prospectively approved, modified, delayed, or denied. The bill would require a plan or insurer to take the reported information into account when evaluating its criteria used to authorize, modify, or deny health care services. The bill would require each department to determine the form and manner of that reporting. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1268	3/11/2019 - Referred to Com. on HEALTH.
AB 1494 (Aguiar-Curry)	This bill would provide that neither face-to-face contact nor a patient's physical presence on the premises of an enrolled community clinic, is required for services provided by the clinic to a Medi-Cal beneficiary during or immediately following a state of emergency, as specified. The bill would require that telehealth services, telephonic services, and other specified services be reimbursable when provided by one of those entities during or immediately following a state of emergency, as specified. The bill would require the department to issue the guidance on or before July 1, 2020, and would require the guidance to include, among other things, certain instructions on the submission of claims for telehealth or telephonic services, and identification of certain services and devices. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1494	3/28/2019 - Amend, and re-refer to Com. on HEALTH.

AB 1642 (Wood)	Directs DHCS to conduct a preventive services outreach and education program. When requesting alternate access standards a plan must include how a beneficiary will access services and requires the plan to report annually on actual arrangements. Requires the plan to assist an enrollee in accessing out-of-network providers or provide NMT to an enrollee to obtain services. Requires EOC be updated with alternate access info. Requires DHCS rate setting process to take time and distance standards into consideration. Raises the limits for DHCS to impose penalties when a plan fails to provide medically necessary services (up to $100,000 per instance). Allows for penalties to be imposed if plans fail to reach 50% MPL on quality measures. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1642	3/19/2019 - Re-referred to Com. on HEALTH.
AB 1676 (Maienschein)	This bill would require health care service plans and health insurers, by January 1, 2021, to establish a telehealth consultation program that provides providers who treat children and pregnant and postpartum persons with access to a psychiatrist, as specified, in order to more quickly diagnose and treat children and pregnant and postpartum persons suffering from mental illness. The bill would require health care service plans and insurers to communicate information relating to the telehealth program at least twice a year in writing. The bill would require health care service plans and health insurers to maintain records and data pertaining to the utilization of the program and the availability of psychiatrists in order to facilitate ongoing changes and improvements, as necessary. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1676	3/18/2019 - Referred to Com. on HEALTH.
SB 10 (Beall)	This bill would require the State Department of Health Care Services to establish, no later than July 1, 2020, a statewide peer, parent, transition-age, and family support specialist certification program, as a part of the state's comprehensive mental health and substance use disorder delivery system and the Medi-Cal program. The bill would require an applicant for the certification as a peer, parent, transition-age, or family support specialist to meet specified requirements, including successful completion of the curriculum and training requirements. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB10	03/28/19 From committee: Do pass and re-refer to Com. on APPR.

SB 11 (Beall)	This bill increases health plan reporting requirements regarding mental health parity and requires SUD prescriptions, if covered by the plan, be place on the lowest tier of the formulary. It applies to Knox-Keene licensed plans or those licensed by the California Department of Insurance. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB11	LHPC Oppose 3/22/2019 - Set for hearing April 24.
SB 29 (Lara)	Expands Medi-Cal to all, regardless of immigration status if they meet the income requirements. The bill would expand the requirements of the eligibility and enrollment plan, such as ensuring that an individual maintains their primary care provider without disruption to their continuity of care, would require the department to collaborate with the counties and designated public hospitals to maximize federal financial participation, and would require the department to work with designated public hospitals to mitigate financial losses related to the implementation of these requirements. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB29	LHPC Support 3/20/2019 - From committee: Do pass and re-refer to Com. on APPR.
SB 66 (Atkins)	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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB66	LHPC/CAHP Support 3/21/2019 - Read second time and amended. Re-referred to Com. on APPR.

SB 163 (Portantino)	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. 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. 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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB163	CAHP Oppose 3/14/2019 - April 10 hearing postponed by committee. Set for hearing April 3.
SB 175 (Pan)	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. 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. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB175	LHPC Support 3/12/2019 - Set for hearing April 10.

SB 207 (Hurtado)	This bill would include asthma preventive services, as defined, as a covered benefit under the Medi-Cal program. The bill would require the department, in consultation with external stakeholders, approve 2 accrediting bodies with expertise in asthma to review and approve training curricula for asthma preventive services providers, and would require the curricula to be consistent with specified federal and clinically appropriate guidelines. The bill would require a supervising licensed Medi-Cal provider and the Medi-Cal asthma preventive services provider to satisfy specified requirements, including the Medi-Cal asthma preventive services provider's completion of a training program approved by one of the accrediting bodies. The bill would require the department to adopt regulations by July 1, 2020, and to provide semiannual status reports to the Legislature until regulations have been adopted. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB207	3/21/2019 - Set for hearing April 3.
SB 260 (Hurtado)	This bill would require a health care service plan providing individual or group healthcare coverage or a health insurer to notify an enrollee, subscriber, policyholder, or certificate holder that the health care service plan or health insurer will provide the individual's contact information to the Exchange if the individual ceases to be enrolled in coverage. The bill would allow an individual to opt out of that transfer of information, and would require a health care service plan or health insurer to transfer the information of an individual who ceased to be enrolled in coverage and who did not opt out to the Exchange beginning January 1, 2021, in a manner prescribed by the Exchange. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB260	CAHP Concern 3/27/2019 - Set for hearing April 3.
SB 361 (Mitchell)	The bill would require the department to require administering Medi-Cal managed care plans to take specified actions, relating to provider rates, partnerships, and reports, for purposes of adult beneficiaries who have a level of severity in certain conditions based on chronic homelessness, to achieve the goal of 1/3 of program participants being from that population. This bill would require the outreach and engagement to be in person. Removes existing general fund spending restrictions. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB361	CAHP Support if Amended 3/19/2019 - Set for hearing April 3.
SB 446 (Stone)	This bill would provide that hypertension medication management services are a covered pharmacist service under the Medi-Cal program, as specified. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB446	3/26/2019 - Set for hearing April 10.

SB 503 (Pan)	Authorizes "good cause" to be based on findings of serious deficiencies that have the potential to endanger patient care and are identified in the specified medical audits, and would conform the civil penalties to federal law. This bill would require a Medi-Cal managed care plan to conduct specified audits of its subcontractors, including an annual medical audit of any subcontract involving medical or administrative services. The bill would require a Medi-Cal managed care plan to report to the department the findings of the finalized annual medical audit, and would require the department to post the annual medical report on its internet website. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB503	3/25/2019 - Read second time and amended. Re-referred to Com. on HEALTH.
SB 583 (Jackson)	This bill would expand required coverage for clinical trials under a plan contract or insurance policy to include a clinical trial relating to the prevention, detection, or treatment of a life-threatening disease or condition, as defined, and include a trial funded by, among others, a qualified nongovernmental research entity. The bill would prohibit a plan contract or insurance policy from, among other things, discriminating against an enrollee or insured for participating in an approved clinical trial. The bill would authorize a plan or insurer to require a qualified enrollee or insured to participate in a clinical trial, as specified, and to restrict coverage to an approved clinical trial in this state, unless the clinical trial is not offered or available through a provider in this state. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB583	3/22/2019 - Set for hearing April 24.
SB 746 (Bates)	This bill would require health care service plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2020, that cover chemotherapy or radiation therapy for the treatment of cancer to also cover anticancer medical devices. The bill would define "anticancer medical device" as a medical device that has been approved for marketing by the federal Food and Drug Administration or is exempt from that approval, is primarily designed to be used outside of a medical facility, and has been prescribed by an authorized provider upon the provider's determination that the device is medically reasonable and necessary for the treatment of the patient's cancer. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB746	3/22/2019 - Set for hearing April 24.

Attachment D

OFFICE OF THE GOVERNOR

February 28, 2019

Mr. Douglas Hayward
CEO
Kern Health Systems
9700 Stockdale Highway
Bakersfield, California 93311

Dear Mr. Hayward,

Since I took office seven weeks ago, I have made affordable access to quality health care a top priority. The cost crisis gripping our state means families struggle to afford stable housing, child care, or medical access.

As we work to address rising costs across our State, I am seeking your partnership and collaboration as California increases our state's commitment to early childhood development. As you know, I am prioritizing support for California families, including paid family leave, universal preschool, and other supportive social services. We can create better futures for California's kids by improving their health through new trauma-focused services as well as improving developmental screening rates. To that end, I recently swore in California's first-ever Surgeon General to lead these efforts.

As a critical component to this policy approach, I am requesting that all California health plans, across all markets, review their current networks, processes, outreach and metrics for pediatric screenings and services. I would especially ask you to place an emphasis on populations that are at-risk or low-income such as the children and youth served through the state's Medi-Cal program.

Medi-Cal is a foundational program for children, covering approximately half the births in California each year as well as providing full-scope health coverage to all children, regardless of documentation status up to age 19. I have proposed to expand this full-scope coverage up through the age of 25 in my

January budget and proposed other targeted reimbursement rate changes to increase access. Since almost 90% of these children are enrolled in a managed care plan, I believe health plan cooperation in this important endeavor is critical.

I have also requested that the Department of Health Care Services review its internal health care service plan data in regards to all pediatric measures and identify areas that require improvement. All of this is being done in a coordinated manner across my Administration to ensure that early childhood development initiatives are viewed holistically across programs and populations. To assist us in this process, I am requesting from you an update on your plan's thoughts on a greater emphasis on pediatric health measures in California by April 1, 2019.

I look forward to working with you and other entities to improve the health and well-being of all Californians, especially our children.

Sincerely,

Governor Gavin Newsom

Kern Family Health Care™

Attachment D

April 1, 2019

Honorable Gavin Newsom
Governor of California
Sacramento, CA 95814

Dear Governor Newsom,

Kern Family Health Care (KFHC) was pleased to receive your letter on February 28th outlining a commitment to a healthier California including an emphasis on care for children. KHFC is a local non-profit Medi-Cal Managed Care Plan serving over 254,000 members in Kern County since 1996. Our mission is dedicated to improving the health status of our members through an integrated managed health care delivery system. KFHC builds strong health care provider partnerships within Kern County to assure alignment with this mission. As such, our organization shares and supports the goal of improving access to quality care, particularly for low income families and children.

KFHC's Strategic Plan outlines our commitment to providing access to quality care, engaging our membership in meaningful ways, and continuing to build robust processes rooted in sustainable technologies. Given the mostly rural nature of Kern County, our organization has taken great strides to invest in improving clinical services and the quality of care received by our members. Since 2012, KFHC has awarded over $55 million in provider grants for constructing new patient care facilities, retaining and recruiting physicians, developing patient-centered medical homes and upgrading medical equipment in local hospitals. KFHC maintains the policy of contracting with any willing provider who's able to meet the credentialing and quality requirements of Medi-Cal.

We also acknowledge the importance of pediatric preventive services to achieve long term healthcare. KFHC has engaged in a variety of efforts to address these specific services including: provider Pay-for-Performance programs, relevant provider education, innovative patient care delivery models and targeted member incentives.

Despite these efforts, KFHC recognizes the current challenges to providing these services and remains committed to continued improvement. Our organization is eager to cooperate on new initiatives to effectively meet the healthcare needs of the families and children we serve. Your goal to create a greater emphasis on pediatric health measures is something our organization supports. We would be pleased to collaborate on the design and measurement of these metrics to help assure they are valuable and effective. We've separately enclosed a letter from Local Health Plans of California (LHPC) addressing the topic of Children's Preventive Services at a macro level.

Thank you for your outreach and continued support for the well-being of all Californians. Please feel free to contact me directly at (661) 664-5001 if I can be of any assistance.

Sincerely,

Douglas A. Hayward
Chief Executive Officer

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

Caring for our community

Kern Health Systems
2019 Project Summary – Q1

ATTACHMENT E Open Projects

Project Title	Start Date	End Date	Percent Complete	Project Objectives
Document Repository Migration	1/2017	4/2019	85%	Migrate KHS digital document repository from a product that is no longer supported. Implement and integrate the new digital document repository.
Diabetes Prevention Program	11/2018	4/2019	90%	To offer DHCS required Diabetes Prevention Program by regulatory deadlines.
Medical Management System Enhancements	3/2018	4/2019	90%	Implement enhancements to the JIVA product to improve the user experience for Health Services and providers.
Alternative Payment Methodology Phase II	1/2018	5/2019	75%	Implement alternative payment methods that will contribute to cost savings, better patient outcomes, and shared risk through collaboration.
QI Site Review Automation Phase II	4/2018	6/2019	95%	Automate remaining site review forms to reduce site review time by 1 hour per review.
Zelis Claims Review Process	8/2018	6/2019	85%	Project added to implement the Zelis claims review process which will detect and prevent overpayments.
Medical Management System Conversion - Phase II/III	1/2018	6/2019	Phase II - 100% Phase III - 80%	Migrate Health Education, Case Management, Disease Management, Quality Improvement, Health Homes Program and Appeals departments from custom workflows to the Jiva Medical Management platform.
Hospital Directed Payments	8/2018	7/2019	70%	Project added to allow KHS to accurately pass through hospital directed payments from DHCS based on accepted encounter data by KHS and DHCS.
New Building Occupation	10/2018	9/2019	40%	To ensure a seamless relocation to Buck Owens building without any unscheduled downtime of KHS Operations.
HHP State Alignment	1/2019	12/2019	30%	Implement DHCS aligned Health Homes Program by regulatory deadlines.
Internal Dashboards 2019	1/2019	12/2019	10%	Create additional internal KHS departmental dashboards with key performance indicators to encourage performance improvement and help provide levels of internal controls.
Translation Tool	2/2019	5/2019	50%	Procure and install a computer assisted translation tool to reduce translation errors.
Telehealth-E-Consults/ Teledocs	2/2019	7/2019	10%	Contract with a Telehealth provider to increase member access to urgent primary care services and reduce ER/UC utilization.
Corporate Website Support	2/2019	8/2019	10%	Engage Coffey Communications to redesign and support the corporate website to improve the maintenance process.
Claims Editing Software (CES) Upgrade	2/2019	10/2019	10%	Upgrade the CES system and Knowledgebase in order to bring the system/edits up to date with current Medi-Cal guidelines.
Member Engagement – Pre and Post Natal Utilization	3/2019	7/2019	10%	Create a pilot Member Engagement Program that will encourage members to seek pre/post-natal care which results in improved health outcomes. Create pilot parameters that can be replicated to development additional member engagement programs.

Kern Health Systems
2019 Project Summary – Q1

Microsoft Server Upgrades	03/2019	08/2019	5%	Upgrade 49 servers to current versions to ensure all applications continue to be supported and remain secured.
Enterprise Logging	03/2019	11/2019	5%	Create a dashboard to monitor all IT jobs and provide visibility to impacted functions within each operational area.
2D Profiling Internal Management	04/2019	12/2019	0%	Establish education and training program to illustrate how PCP's may improve their performance to achieve the "Triple Aim" objective.
Networx Modeler and Pricer – Professional	05/2019	12/2019	0%	Procure and Implement NetworX system to migrate provider contract pricing, improve auto adjudication, and automatic claims pricing.
Call Center Knowledge Management Solution	07/2019	12/2019	0%	Procure and implement a knowledge management solution that will reduce internal Member Services representatives' requests for assistance.
CACTUS Upgrade	07/2019	6/2020	0%	Procure and implement an update to the CACTUS credentialing platform to ensure continued product support.
KHS BizTalk Upgrade	08/2019	11/2019	0%	BizTalk system upgrade required to ensure continued product support.
Medi-Cal Redetermination	TBD	TBD	On Hold	Work with Kern County DHCS to increase the current Annual Eligibility Redetermination.

Completed Projects

Project Title	Start Date	End Date	Realized Benefit
Claims Audit Tool	4/2018	2/2019	Implemented new auditing tool to reduce preventable errors and overpayments by 10%. – To be measured 2019 Q2
Coordination of Benefits for Dual-Eligible Members (COBA/OHC)	1/2018	2/2019	Complied with DHCS regulatory requirements by working with CMS to exchange Coordination of Benefits information for dual-eligible members and to incorporate additional OHC data.
External Dashboards	2/2018	9/2018	Redesigned the Provider Practice dashboard. Provider adoption is expected to increase by 5%. To be measured in 2019 Q2
Internal Dashboards 2018	1/2018	3/2019	Created 3 additional internal KHS departmental dashboards with at least 4 key performance indicators to encourage performance improvement and help provide levels of internal controls.
QNXT Upgrade Q4	11/2018	2/2019	Installed QNXT upgrade and CA specific enhancements to stay within contract guidelines.
Health Home Program (HHP) Expansion	1/2018	3/2019	Launched 2 new Health Home Program Sites. Prepared a 3rd site to be launched with 2019 HHP project.

Attachment F

KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS
MANAGED CARE STAFFING RATIOS - March 31, 2019

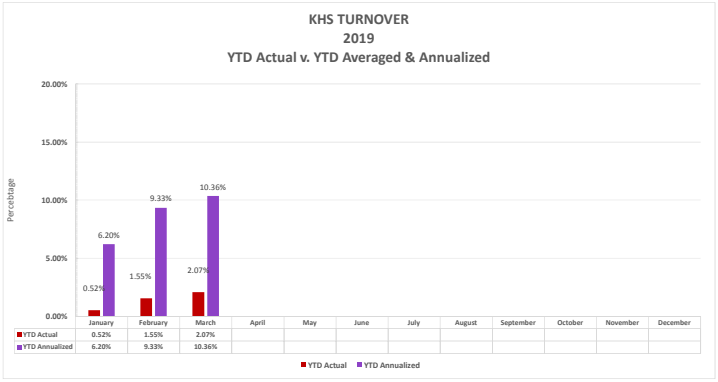
SEGMENTED CATEGORY:	KERN HEALTH SYSTEMS	
ENROLLMENT TYPE	*MediCal*	*January 2019*
	Actual	*Budgeted Membership*
MEMBERSHIP SIZE	*253,000*	*247,275*
CORPORATE STATUS	*Not for Profit*	
FULL TIME EMPLOYEE COUNT (FTE)	*387*	*410*
RATIO		*1 FTE/Members*
EXECUTIVE	***Actual***	***Budgeted***
Executive Dept. Total FTE	4	4
Executive Dept. RATIO FTEs/MEMBERS	63,250	61,819
ACCOUNTING		
Accounting Dept. Total FTE	14	14
Accounting Dept. RATIO FTEs/Members	18,071	17,663
IT		
IT Dept. Total FTE©	31	36
MIS Dept. RATIO FTEs/MEMBERS	8,161	6,869
BI		
BI Dept. Total FTE©	15	16
BI Dept. RATIO FTEs/MEMBERS	16,867	15,455
CLAIMS		
Claims Dept. Total FTE	56	56
Claims Dept. RATIO FTEs/MEMBERS	4,518	4,416
PROJECT MANAGEMENT		
Project Management Dept. Total FTE	9	9
Porject Management Dept. RATIO FTEs/MEMBERS	28,111	27,475
UTILIZATION MANAGEMENT		
UM Mgmt. Dept. Total FTE	58	62
UM Dept. RATIO FTEs/MEMBERS	4,362	3,988
CASE MANAGEMENT		
Case Mgmt. Dept. Total FTE	22	25
Case Mgt. Dept. RATIO FTEs/MEMBERS	11,500	9,891
HEALTH HOMES		
Health Homes Dept. Total FTE	7	10
Health Homes Dept. RATIO FTEs/MEMBERS	36,143	24,728
QI		
QI Dept. Total FTE	11	13
QI Dept. RATIO FTEs/MEMBERS	23,000	19,021
HEALTH ED		
Health Ed Dept. Total FTE	11	11
Health Ed. RATIO FTEs/MEMBERS	23,000	22,480
PHARMACY		
Pharmacy Dept. Total FTE	11	11
Pharmacy Dept. RATIO FTEs/MEMBERS	23,000	22,480
DISEASE MANAGEMENT		
Disease Management Dept. Total FTE	9	9
Disease Management Dept. RATIO FTEs/MEMBERS	28,111	27,475
PROVIDER RELATIONS		
Provider Relations Dept. Total FTE	24	24
Provider Relations Dept. RATIO FTEs/MEMBERS	10,542	10,303
MEMBER SERVICES		
Member Services Dept. Total FTE	77	81
Member ServicesDept. RATIO FTEs/MEMBERS	3,286	3,053
CORPORATE SERVICES		
Corporate Services Dept. Total FTE	7	7
Corporate Services Dept. RATIO FTEs/MEMBERS	36,143	35,325
COMPLIANCE		
Compliance Dept. Total FTE	6	6
Compliance Dept. RATIO FTEs/MEMBERS	42,167	41,213
MARKETING		
Marketing Dept. Total FTE	4	5
Marketing Dept. RATIO FTEs/MEMBERS	63,250	49,455
HR		
HR Dept. Total FTE	11	11
HR Dept. RATIO FTEs/MEMBERS	23,000	22,480
ORGANIZATIONAL VIEW		
Org. View Total FTE	**387**	**410**
Org. View RATIO FTEs/MEMBERS	**654**	**603**

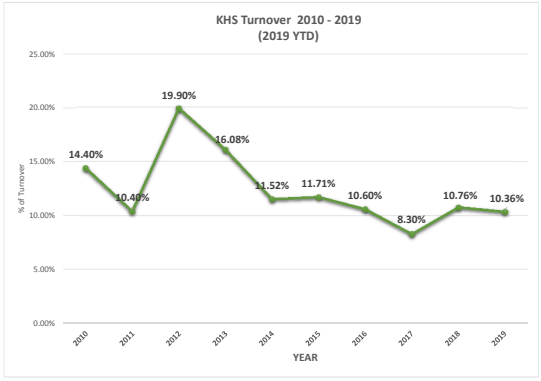
2018 Budgeted	*FTE's*					
	Comments	Comments	Non-budgeted	Budgeted March-Dec	2017 Year End FTE's	
Budgeted						
4						**4**
14						**14**
33	minus 11 FTE's moving to BI department					**43**
16	16 FTE's move from other departments (11 IT/ 1 Claims/1 HHP/1 QI/1 PR/1 MS					
54	minus 2 (Achin to HR/1 FTE to BI) 2 reduction in force in December	Achin moving to HR				**57**
9	1 new FTE 2018	(+1) unbudgeted	1			**8**
88	6 new FTE's 2018/-5 layoffs/- 1 dept move	Moving S Shay out from original/H Sidhu??				**84**
(-1 budgeted to HHP)	(4 new FTE's April) (one RIF end of April)	(+1) Monohan moving to UM				
7	2018	Sidhu		2		**6**
(+1 not budgeted from UM)						
13	minus 1 FTE to BI Department	(-1) Monohan moving to UM				**14**
11	1 new FTE for 2018 (April)					**10**
10	Accounting budgeted 10 (missed 1 FTE in error)	(+1) unbudgeted	1			**11**
9		S Shay				**9**
22	minus 1 FTE to BI Department	(+1) unbudgeted	3			**22**
add one unbudgeted positon Oct						
75		(+1) unbudgeted	1			**75**
8	1 new FTE for 2018 Daniela Mercado moved from CS to MS?					**7**
6		(+1) unbudgeted	1			**6**
5						**5**
11	Achin moving from Claims + 1 new FTE for 2018					**10**
395			**7**	**3**		**385**

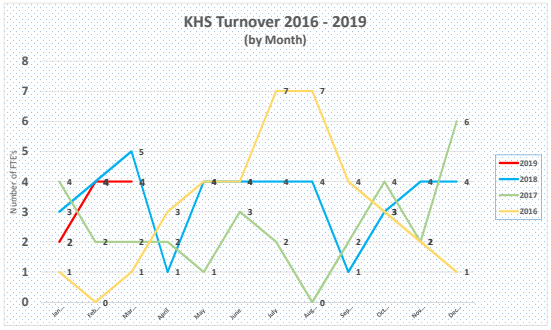
Attachment F

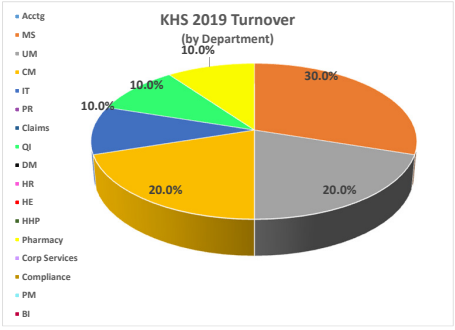
KERN HEALTH SYSTEMS

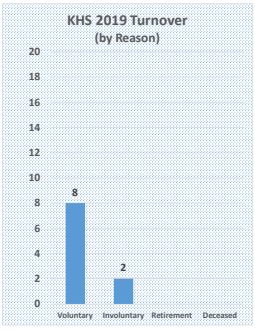
2019 YTD - Turnover Statistics
March 31, 2019











KERN HEALTH SYSTEMS

Governed Reporting System

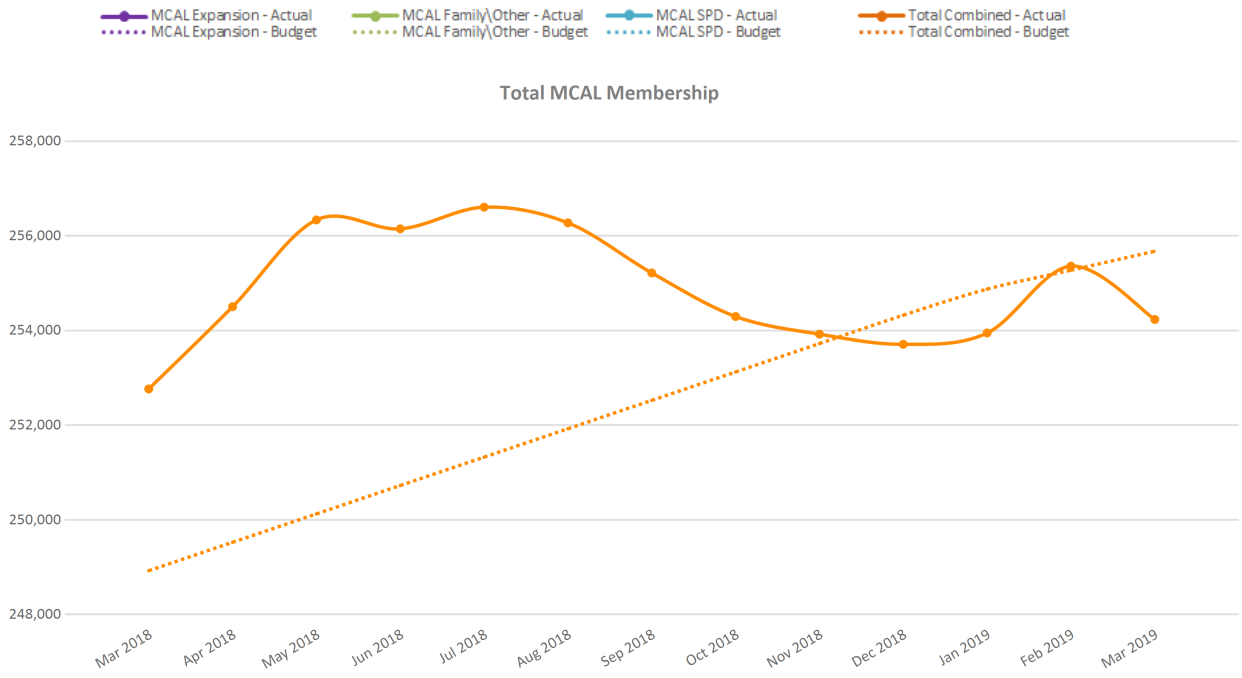
Kern Health Systems
Attachment G

KHS Dashboard Performance Reports
(Critical Performance Measurements)

KERN HEALTH SYSTEMS

Governed Reporting System

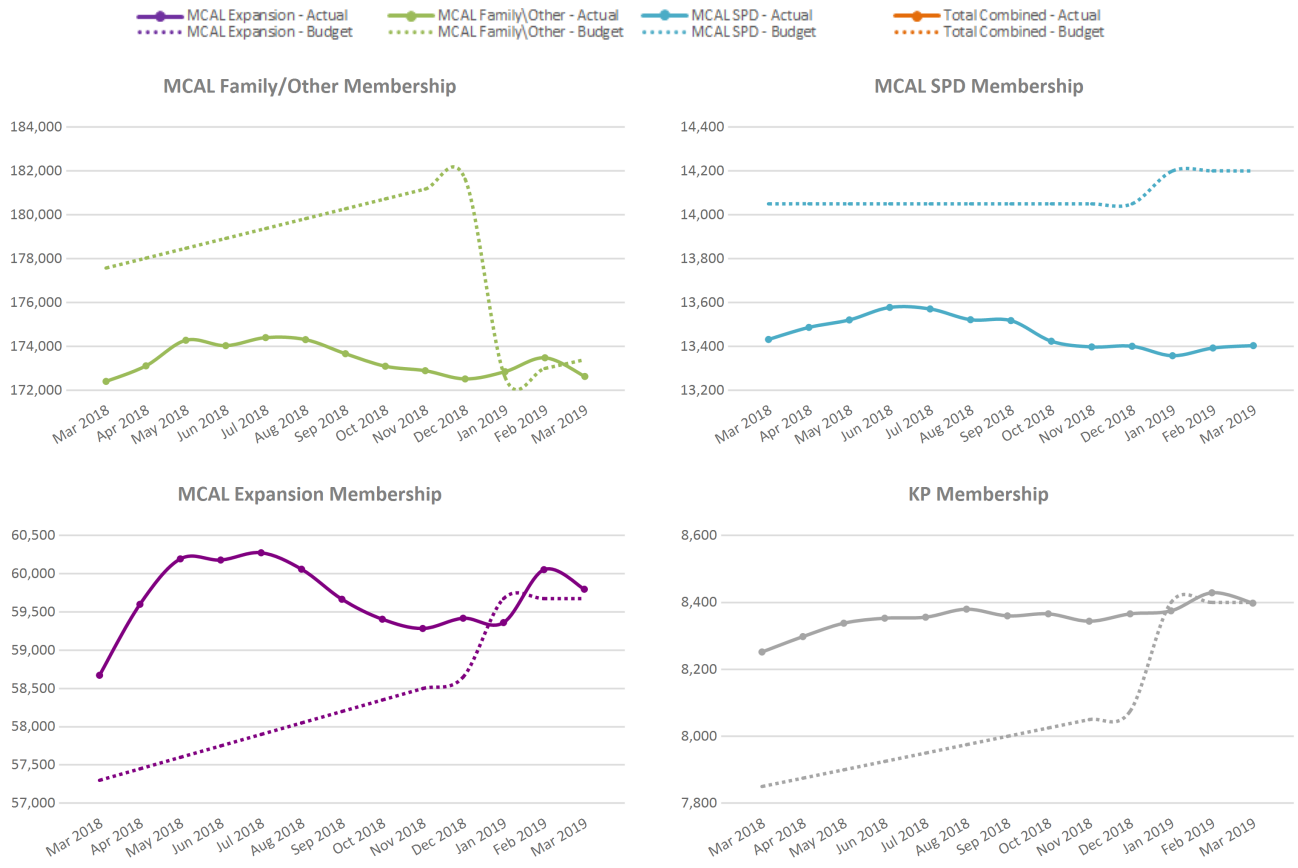
Membership



KERN HEALTH SYSTEMS

Governed Reporting System

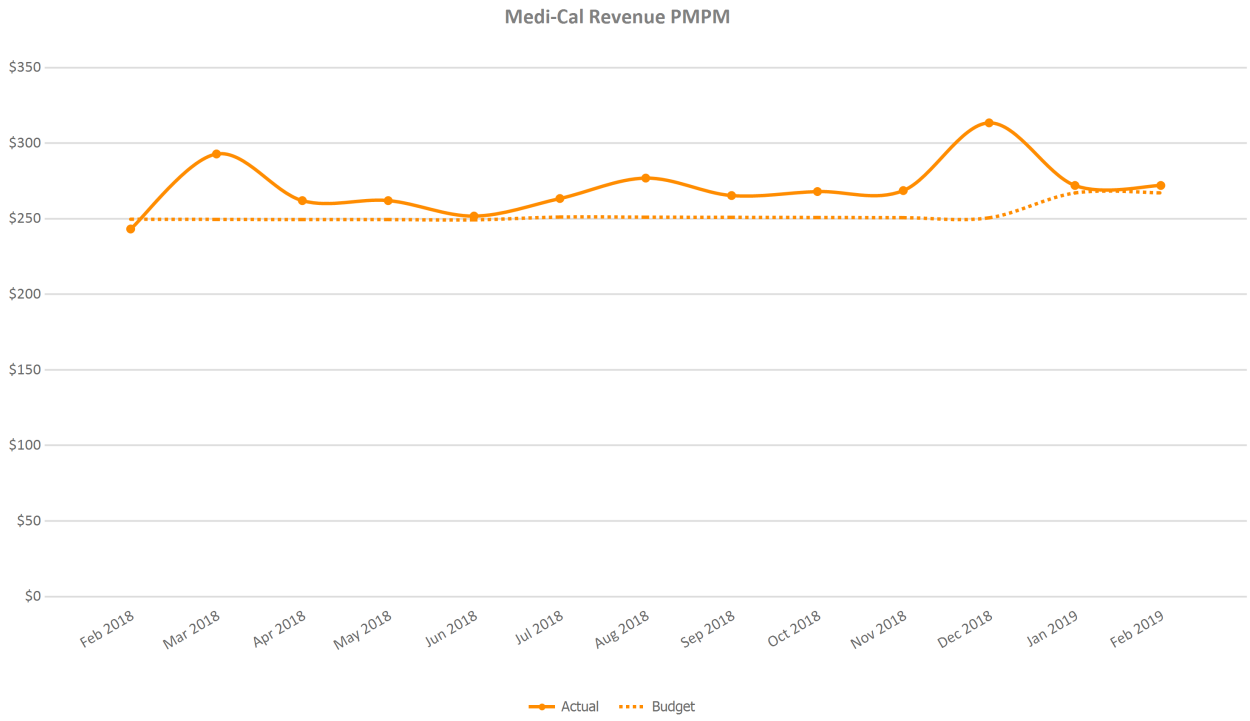
Membership



KERN HEALTH SYSTEMS

Governed Reporting System

Revenue



KERN HEALTH SYSTEMS *Governed Reporting System*

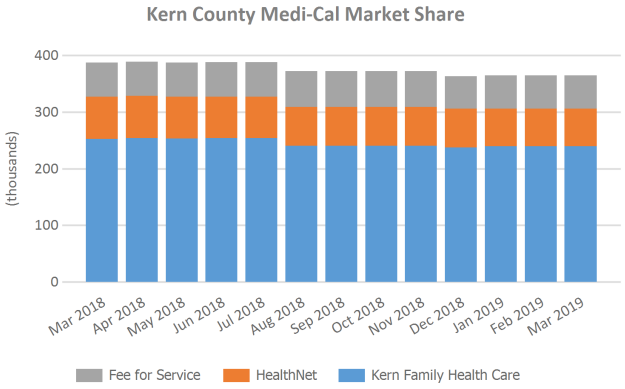
Kern Health Systems

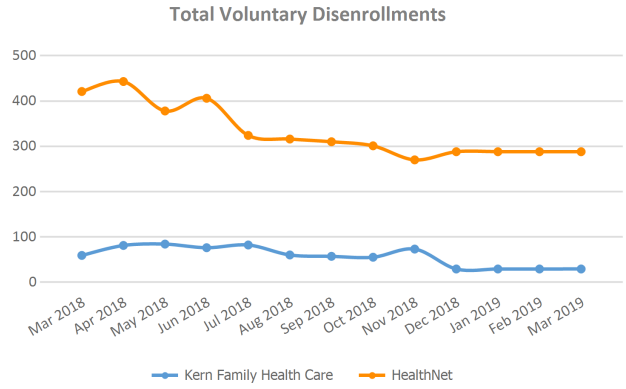
Performance Reports
Operations Metrics

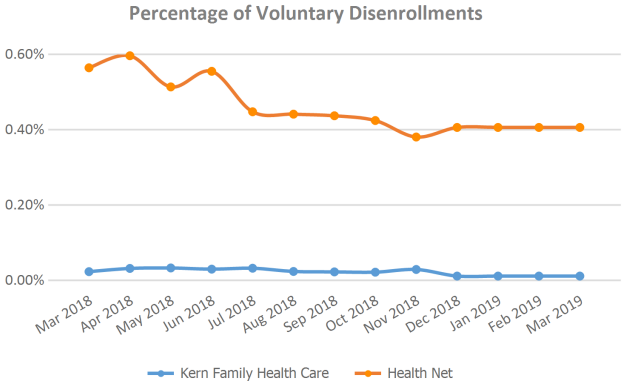
KERN HEALTH SYSTEMS

Governed Reporting System

Enrollment - Market Share



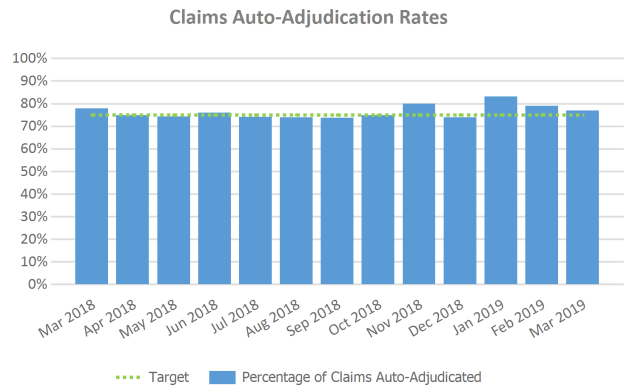


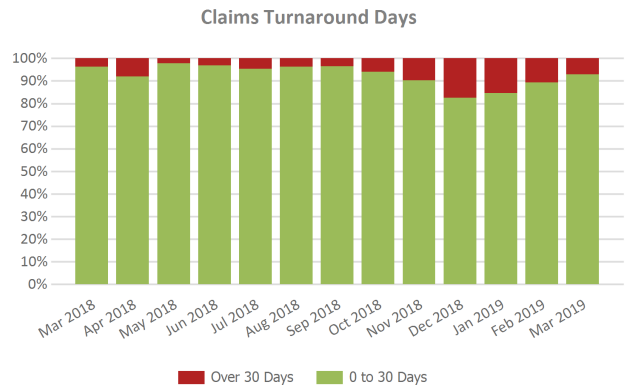


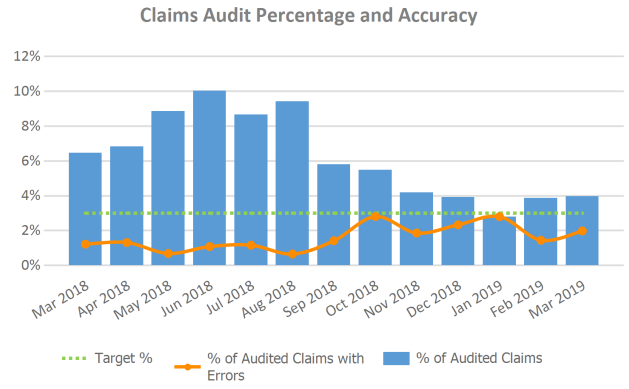
KERN HEALTH SYSTEMS

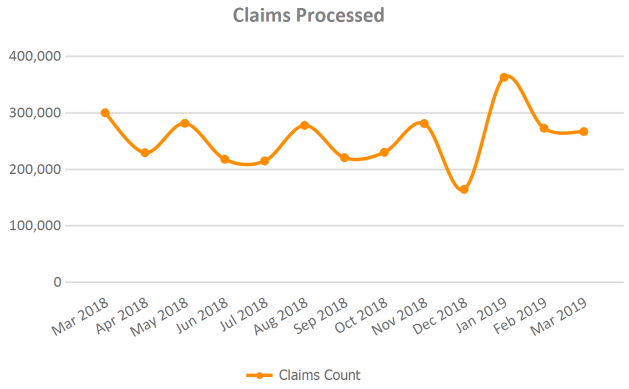
Governed Reporting System

Claims Efficiency and Quality





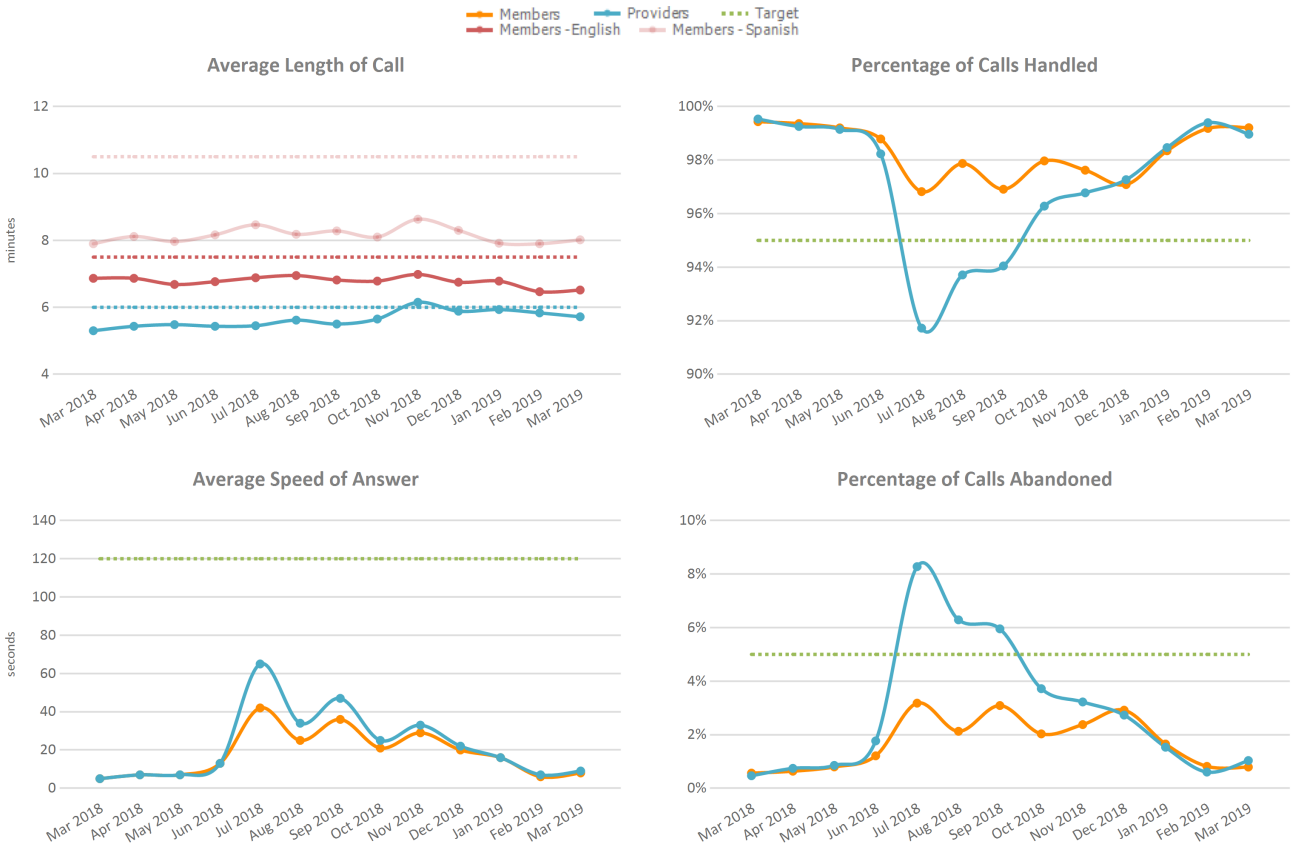




KERN HEALTH SYSTEMS

Governed Reporting System

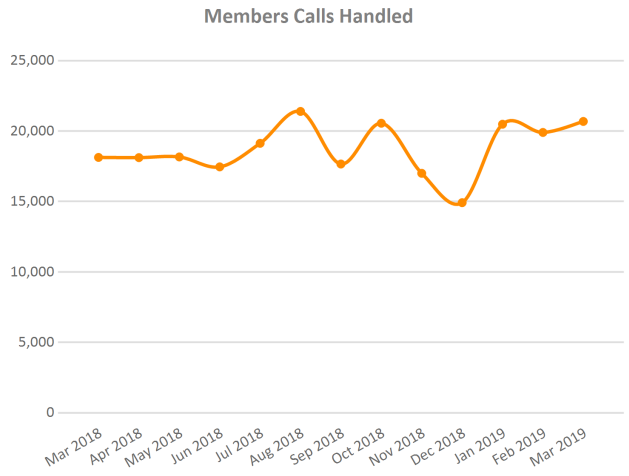
Member Services

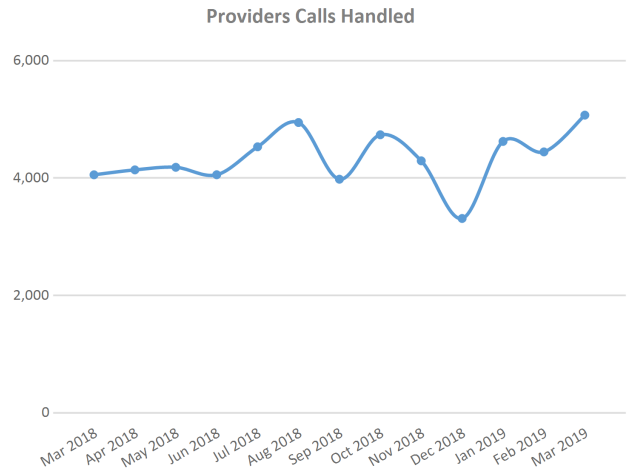


KERN HEALTH SYSTEMS

Governed Reporting System

Member Services Calls Handled

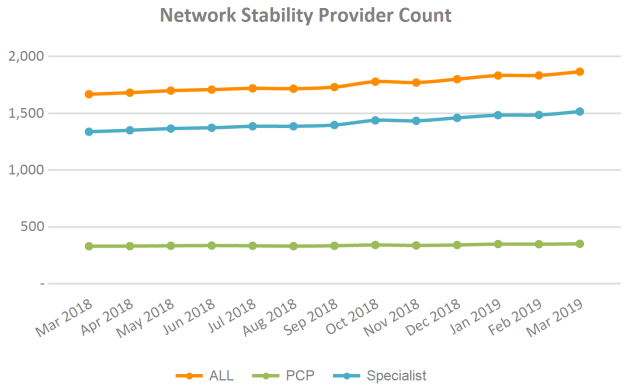


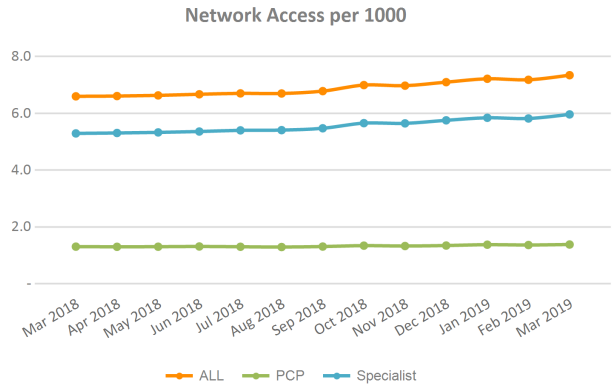


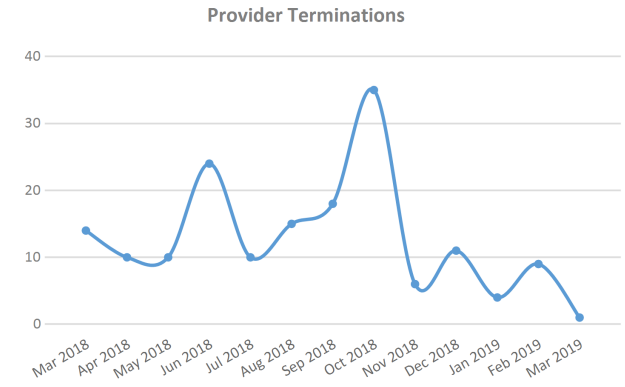
KERN HEALTH SYSTEMS

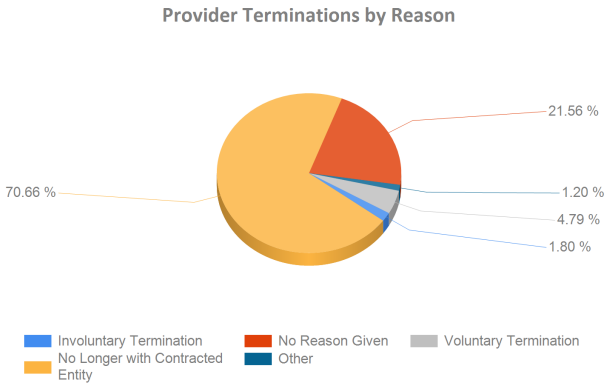
Governed Reporting System

Provider Network and Terminations









KERN HEALTH SYSTEMS

To: **KHS Board of Directors**

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

Date: **April 11, 2019**

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

Background:

With the proposed changes outlined below, the P&T Committee determined the KHS Drug Formulary relating to the practice of Neurology and Psychiatry provides sufficient medically necessary drug classes along with appropriate limits to see that all drugs and the manner they are prescribed ensures appropriate care.

This modified Formulary aligns with national pharmaceutical guidelines impacting Neurology and Psychiatry and among other things, is meant to minimize fraud, waste or abuse. Moreover, the modified Formulary was scrutinized for both new therapies and existing medications to determine if they remain relevant, efficacious, cost effective and safe.

Requested Action:

The P&T Committee recommends the Board to approve the following changes to the Formulary applicable to the practice of Neurology and Psychiatry.

1. Add the following new drug class and medication used to prevent migraines. Prior authorization will be required to ensure appropriate use per national guidelines.
    - Aimovig (erenumab $^{-aooe}$)
    - Ajovy (fremanzumab $^{-vfrm}$)
    - Emgality (galcanezumab $^{-gnlm}$)

2. Add the following drugs for psychiatry:
    - Bupropion 150 XL
    - Atomoxetine, prior authorization unless prescribed by a psychiatrist.
    - Methylphenidate ER tablets

3. Remove the following drugs for psychiatry:
    - Temazepam capsules
    - Diphenhydramine tablets