



KERN HEALTH SYSTEMS

REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, December 12, 2019

at

8:00 A.M.

At

**Kern Health Systems
2900 Buck Owens Boulevard
Bakersfield, CA 93308**

The public is invited.

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

AGENDA

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Regular Meeting
Thursday, December 12, 2019

8:00 A.M.

All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 2900 Buck Owens Boulevard, Bakersfield, 93308 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: McGlew, Judd, Stewart, Hinojosa, Deats, Hoffmann, Melendez, Patel, Patrick, Rhoades

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

8:20 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

PUBLIC REQUEST

- 4) Request of Ryan Alsop, Kern County Administrator, representing the County of Kern, to address the Board regarding the adopted changes to the Health Authority and Hospital Authority Ordinances for the creation of an Integrated Healthcare Delivery System.
- CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on October 10, 2019 (Fiscal Impact: None) – APPROVE
- CA-6) Report on Kern Health Systems investment portfolio for the third quarter ending September 30, 2019 (Fiscal Impact: None) – RECEIVE AND FILE
- 7) Report on Expansion of New Building brick veneer and remaining Landscaping (Fiscal Impact: \$300,000) – APPROVE

-
- 8) Report on Department of Health Care Services CalAIM initiative (Fiscal Impact: None) –
RECEIVE AND FILE
 - 9) Proposed Amendment No. 10 to Agreement with Douglas A. Hayward, for services as
Chief Executive Officer (Fiscal Impact: None) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
 - CA-10) Report on Kern Health Systems 2020 Marketing Plan (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-11) Proposed policy with IOA RE for reinsurance to mitigate costs incurred by Kern Health
Systems for members with high dollar inpatient admissions from January 1, 2020 through
December 31, 2020 in an amount not to exceed \$0.29 per member per month (Fiscal
Impact: \$876,003 estimated; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
 - 12) Proposed Kern Health Systems 2020 Operating and Capital Budgets (Fiscal Impact:
None) –
APPROVE
 - 13) Proposed Budget Request for 2020 Project Consulting Professional Services, from
January 1, 2020 through December 31, 2020 (Fiscal Impact: \$4,236,600; Budgeted) –
APPROVE
 - 14) Report on Kern Health Systems financial statements for September 2019 and October
2019 (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-15) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000
and \$100,000 for September 2019 and October and IT Technology Consulting Resources
for the period ended September 30, 2019 (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-16) Report on New Office Building Expenditures (Fiscal Impact: None) –
RECEIVE AND FILE
 - CA-17) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and
Institutions Code Section 14087.38(m)) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
 - 18) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
 - 19) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE

CA-20) Miscellaneous Documents –
RECEIVE AND FILE

A) Minutes for KHS Finance Committee meeting on October 4, 2019

ADJOURN TO FEBRUARY 13, 2020 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, 2900 Buck Owens Boulevard, Bakersfield, California 93308 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
2900 Buck Owens Boulevard
Bakersfield, California 93308

Regular Meeting
Thursday, October 10, 2019

8:00 A.M.

BOARD RECONVENED

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

Directors absent: Hoffmann

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

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

BOARD ACTION SHOWN IN CAPS

ADJOURN TO CLOSED SESSION

Deats

CLOSED SESSION

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

8:15 A.M.

BOARD RECONVENED AT 8:45 A.M.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION –

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING SEPTEMBER 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 MITCHELL; DIRECTOR STEWART ABSTAINED FROM VOTING ON AGUIRRE, MCKAY, PHAN, RAJA, SLADICH

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING SEPTEMBER 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 RECREREDENTIALING; DIRECTOR JUDD ABSTAINED FROM VOTING ON CLAMONTE JR., IRUVURI, ALVAREZ-JACINTO, WALTERS

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING OCTOBER 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 DEATS ABSTAINED FROM VOTING ON PERUMALSAMY; DIRECTOR JUDD ABSTAINED FROM VOTING ON MADHANAGOPAL, NANDHAGOPAL, QUILLATUPA; DIRECTOR STEWART ABSTAINED FROM VOTING ON BRYAN, PERSON

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING OCTOBER 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 RECREREDENTIALING; DIRECTOR JUDD ABSTAINED FROM VOTING ON ANDERSON, ZERLIN; DIRECTOR STEWART ABSTAINED FROM VOTING ON ELIDO-FLORENDO, GEHLAWAT, SAMANIEGO, THOMAS-CHANDLER, WASCO MEDICAL CENTER PHARMACY

PUBLIC PRESENTATIONS

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

NO ONE HEARD

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 3) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
NO ONE HEARD
- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on August 15, 2019 (Fiscal Impact: None) –
APPROVED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 5) Report on Kern Health Systems newly elected officers to serve 3 year terms as Chairman, Vice Chairman, Secretary and Treasurer (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 6) Kern County Board of Supervisors reappointment of Cindy Stewart, Safety Net Care Provider, for term expiring June 30, 2022 and reappointment of Dr. Kimberly Hoffmann, Pharmacist Representative, for term expiring June 30, 2021 (Fiscal Impact: None) –RECEIVED AND FILED
Patrick-Deats: 9 Ayes; 1 Absent - Hoffmann
- 7) Proposed Amendment No. 9 to Agreement with Douglas A. Hayward, for services as Chief Executive Officer (Fiscal Impact: None) –
APPROVED; AUTHORIZED CHAIRMAN TO SIGN
Stewart-Hinojosa: 9 Ayes; 1 Absent - Hoffmann
- CA-8) Proposed Agreement with Change Healthcare, to process and submit electronic medical claims from providers and institutions directly to KHS, from October 20, 2019 through October 19, 2022, in an amount not to exceed \$0.23 per claim (Fiscal Impact: \$315,000 estimated annually; Budgeted) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patel-Patrick: 9 Ayes; 1 Absent – Hoffmann
- CA-9) Proposed Agreement with Health Dialog Services Corporation, to provide 24/7/365 Phone Nurse Triage Services, from November 1, 2019 through October 31, 2022, in an amount not to exceed \$0.119 per member per month (Fiscal Impact: \$353,000 estimated annually; Budgeted) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 10) Report on Kern Health Systems 2019 Provider Grant Program Awards (Fiscal Impact: None) –
APPROVED
Melendez-Deats: 6 Ayes; 3 Abstention - Judd, Deats, Stewart; 1 Absent - Hoffmann

-
- CA-11) Report on Kern Health Systems Strategic Plan for third quarter ending September 30, 2019 (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- CA-12) Report on Kern Health Systems 2020 Department Goals and Objectives and 2020 Corporate Projects (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 13) Report on Kern Health Systems 2019 QI Program Plan (Fiscal Impact: None) –
APPROVED
Rhoades-Stewart: 9 Ayes; 1 Absent - Hoffmann
- 14) Report on Kern Health Systems 2019 State Legislative Summary (Fiscal Impact: None) –
RECEIVED AND FILED
Stewart-Patrick – 9 Ayes; 1 Absent - Hoffmann
- CA-15) Report on Kern Health Systems Annual Network Certification CAP (Fiscal Impact: None) -
RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 16) Report on Kern Health Systems financial statements for July 2019 and August 2019 (Fiscal Impact: None) –
RECEIVED AND FILED
Patrick-Melendez: 9 Ayes; 1 Absent - Hoffmann
- CA-17) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000 and \$100,000 for July 2019 and August 2019 and IT Technology Consulting Resources for the period ended June 30, 2019 (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Patrick – 9 Ayes; 1 Absent - Hoffmann
- CA-18) Report on New Office Building Expenditures (Fiscal Impact: None) –
RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann
- CA-19) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann

- 20) 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 2019 3RD QUARTER GRIEVANCE REPORT TO THE BOARD; GRIEVANCES OVERALL FOR THE 3RD QUARTER CONTINUED AT THE SAME PACE AS 1ST AND 2ND QUARTERS OF 2019. THE NUMBER OF GRIEVANCES IN EACH OF THE VARIOUS CATEGORIES HAS REMAINED FAIRLY CONSISTENT EXCEPT FOR THE QUALITY OF CARE CATEGORY. MR. AVERY ATTRIBUTED THIS CHANGE TO THE QUALITY IMPROVEMENT DEPARTMENT'S ASSESSMENT OF THE GRIEVANCES AND FINDING MORE CASES AS QUALITY OF CARE VS. QUALITY OF SERVICE. THE PLAN WILL CONTINUE TO MONITOR THIS AREA. MR. AVERY ADDED A NEW REPORTING LINE ON THE QUARTERLY REPORT—EXEMPT GRIEVANCES RECEIVED BY THE PLAN. EXEMPT GRIEVANCE AS USUALLY SIMPLE COMPLAINTS, SOMETIMES WHEN THE MEMBER DOESN'T WANT TO FILE A FORMAL COMPLAINT, THE PLAN STAFF WILL INVESTIGATE. EXEMPT GRIEVANCES ARE TRACKED AND THE INFORMATION IS SHARED WITH THE PROVIDER NETWORK MANAGEMENT STAFF TO DISCUSS WITH THE PROVIDER DURING THEIR REGULAR ON-SITE VISITS. IN ADDITION, THE CUMULATIVE DATA IS SHARED WITH THE KHS PHYSICIAN ADVISORY COMMITTEE AS PART OF THE RECREDENTIALING PROCESS. FINALLY, DURING THE 3RD QUARTER, 53% OF THE FORMAL GRIEVANCE DECISIONS WERE UPHELD BY THE PLAN WITH 47% OF THE PLANS DECISIONS BEING OVERTURNED. MR. AVERY EXPLAINED THE PRIMARY REASON FOR OVERTURNING THE ORIGINAL DECISION OF THE GRIEVANCE OCCURS WHEN THE PLAN RECEIVES ADDITIONAL SUPPORTING DOCUMENTATION FROM THE MEMBER OR THE PROVIDER; HEARD RECEIVED AND FILED
Rhoades-Patrick: 9 Ayes; 1 Absent - Hoffmann
- 21) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) - RECEIVED AND FILED
Deats-Rhoades: 9 Ayes; 1 Absent - Hoffmann
- 22) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 9 Ayes; 1 Absent - Hoffmann
- CA-23) Miscellaneous Documents – RECEIVED AND FILED
Patel-Patrick: 9 Ayes; 1 Absent - Hoffmann

A. Minutes for KHS Finance Committee meeting on August 9, 2019

ADJOURN TO THURSDAY, DECEMBER 12, 2019 AT 8:00 A.M.

Patel

/s/ Cindy Stewart, Secretary
Kern Health Systems Board of Directors



To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 12, 2019
Re: Quarterly Review of Kern Health Systems Investment Portfolio

Background

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

- Preservation of principal
- Liquidity
- Yield

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

Short-Term Portfolio (Under 1 year)

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

Long-Term Portfolio (1-5 years)

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

Requested Action

Receive and File.

**Kern Health Systems
Investment Portfolio
September 30, 2019**

Short Term Portfolio (under 1 year)

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

<u>Description</u>		<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Cash	(1)	\$ 1,300,000	0.64%	100%	1.50%	1 Day	None
Morgan Stanley Money Market	(A)	\$ 10,000,000	4.91%	20%	1.74%	1 Day	None
Local Agency Investment Fund (LAIF)	(B)	\$ 64,100,000	31.48%	50%	2.28%	2 Days	None
US T-Bills at Wells Fargo	(1)	\$ 50,000,000	24.56%	100%	1.92%	1 Day	Subject to Interest Rate Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 5,000,000	2.46%		2.01%	3 Days	Subject to Interest Rate Fluctuations
Sub-Total		\$ 130,400,000	64.05%		2.08%		

Long Term Portfolio (1 - 5 years)

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

UBS Managed Portfolio	(D)	\$ 69,400,000	34.09%		1.93%	3 Days	Subject to Interest Rate and Credit Fluctuations
KHS Managed Portfolio at Wells Fargo	(C)	\$ 3,800,000	1.87%		2.07%	3 Days	Subject to Interest Rate and Credit Fluctuations
Sub-Total		\$ 73,200,000	35.95%		1.94%		
Total Portfolio		\$ 203,600,000	100.00%		2.03%		

<u>Yield Curve</u>	<u>Yield Curve</u>			
	<u>Treasuries</u>	<u>AA Corporate Bonds</u>	<u>Corporate Bonds</u>	<u>A Corporate CD's</u>
1 year	1.63%	1.83%	1.95%	1.70%
2 year	1.42%	1.58%	1.77%	1.70%
3 year	1.37%	1.59%	1.78%	1.75%
5 year	1.34%	1.77%	1.97%	1.85%

- (A) \$16.3 Billion money market fund managed by Morgan Stanley comprised of high -quality debt securities issued by the US Government.
- (B) LAIF is part of a \$97.4 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
- (C) High quality diversified portfolio comprising certificate of deposits, commercial paper, corporate bonds and notes and municipal securities.
- (D) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.

- (1) Funds are utilized to pay providers, meet operating expenses, distribute pass-through monies waiting for additional approvals and/or support, amounts owed to the State for MCO Taxes, potential State premium recoupments and for amounts owed under the Expansion Risk Corridor. Extra liquidity is maintained in the event the State is late with its monthly capitation payment.
- (2) Funds are primarily utilized to fund various Grant Programs and 2019 capital projects.



UBS Client Review

as of September 30, 2019

Prepared for

Kern Health Systems

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

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

Accounts included in this review

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

What's inside

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Portfolio review

as of September 30, 2019

Asset allocation review

	Value on 09/30/2019 (\$)	% of Portfolio
A Cash	5,895,863.89	8.49
Cash	5,895,863.89	8.49
US	5,895,863.89	8.49
B Fixed Income	63,536,469.14	91.51
US	63,536,469.14	91.51
US Fixed Income	1,109,439.30	1.60
Government	33,787,061.97	48.66
Municipals	2,907,775.99	4.19
Corporate IG Credit	25,732,191.88	37.06
C Equity	0.00	0.00
D Commodities	0.00	0.00
E Non-Traditional	0.00	0.00
F Other	0.00	0.00
Total Portfolio	\$69,432,333.03	100%

Balanced mutual funds are allocated in the 'Other' category



Portfolio value and investment results

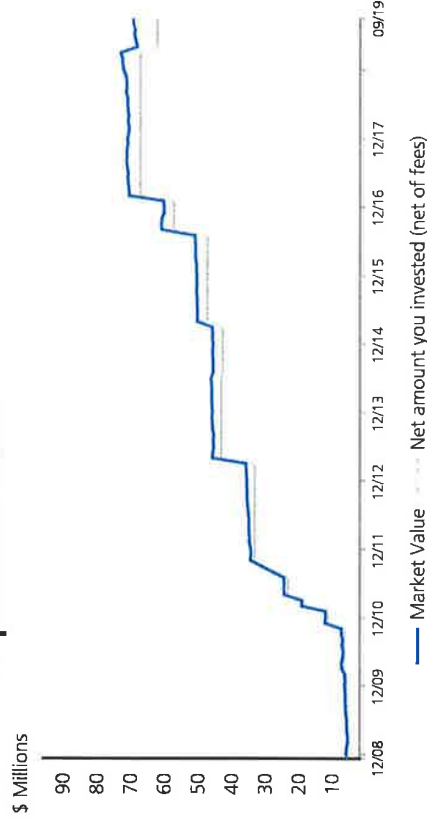
Performance returns (annualized > 1 year)

	For the period of 12/31/2018 to 03/31/2019	For the period of 06/30/2019 to 09/30/2019	For the period of 12/31/2018 to 06/30/2019	For the period of 09/30/2019 to 12/31/2019
Opening value	72,312,732.45	73,198,423.91	69,044,918.18	72,312,732.45
Net deposits/withdrawals	-33,875.98	-5,034,681.15	-30,848.94	-5,099,406.07
Div./interest income	354,087.80	431,303.74	436,855.24	1,222,246.78
Change in accr. interest	67,494.99	-35,404.04	-131,586.66	-99,495.71
Change in value	497,984.65	485,275.73	112,995.21	1,096,255.59
Closing value	73,198,423.91	69,044,918.18	69,432,333.03	69,432,333.03
Net Time-weighted ROR	1.22	1.25	0.56	3.06

Net deposits and withdrawals include program and account fees.

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

Sources of portfolio value



Summary of gains and losses

	Short term (\$)	Long term (\$)	Total (\$)
2018 Realized gains and losses	0.00	1,350.75	1,350.75
Taxable	0.00	1,350.75	1,350.75
Tax-deferred	0.00	0.00	0.00
2019 Year to date	-21.09	30,024.20	30,003.11
Taxable	-21.09	30,024.20	30,003.11
Tax-deferred	0.00	0.00	0.00

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

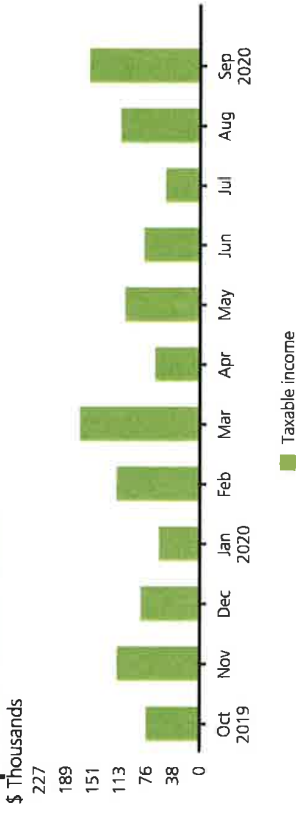
Report created on: November 07, 2019



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

Portfolio review - as of September 30, 2019 (continued)

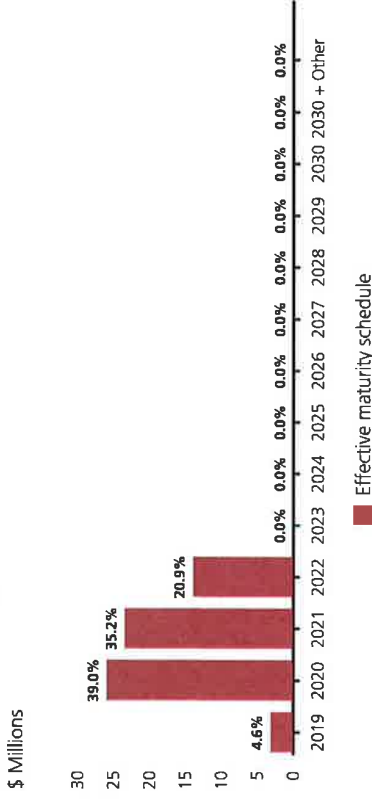
Expected cash flow



Total taxable income: \$1,217,443.12
Total expected cash flow: \$1,217,443.12

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

Bond maturity schedule



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

Equity sector analysis

Compared to S&P 500 index

	Value on 09/30/2019 (\$)	Actual (%)	Model (%)	Gap (%)
Communication Services	0.00	0.00	10.11	-10.11
Consumer Discretionary	0.00	0.00	9.94	-9.94
Consumer Staples	0.00	0.00	8.00	-8.00
Energy	0.00	0.00	4.24	-4.24
Financials	0.00	0.00	12.43	-12.43
Health Care	0.00	0.00	13.36	-13.36
Industrials	0.00	0.00	9.15	-9.15
Information Technology	0.00	0.00	21.60	-21.60
Materials	0.00	0.00	1.73	-1.73
Real Estate	0.00	0.00	2.97	-2.97
Utilities	0.00	0.00	3.16	-3.16
Total classified equity	\$0.00			
Unclassified Securities	0.00			

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

Report created on: November 07, 2019



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

Portfolio review - as of September 30, 2019 (continued)
Summary of performance by account

		Performance returns (annualized > 1 year)			
Performance start date	Value on 09/30/2019 (\$)	% of portfolio	For the period of 12/31/2018 to 03/31/2019	For the period of 06/30/2019 to 09/30/2019	For the period of 12/31/2018 to 09/30/2019
Dec 08, 2008	69,432,333.03	100.00%	1.22%	1.25%	0.56%
		Net time-weighted			3.06%
Dec 08, 2008	\$69,432,333.03	100%	1.22%	1.25%	0.56%
Total Portfolio					
Benchmarks - Annualized time-weighted returns					
Barclays Agg Bond			2.94%	3.08%	2.27%
US Treasury Bill - 3 Mos			0.59%	0.62%	0.54%
Barclays Corp 1-3Y			1.68%	1.54%	0.93%
Barclays Govt/Credit 1-3Y			1.21%	1.48%	0.69%
Barclays US Agg 1-3Y			1.22%	1.49%	0.71%
					8.52%
					1.76%
					4.20%
					3.42%
					3.45%

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

Report created on: November 07, 2019



Asset allocation by account

as of September 30, 2019

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

	Equities (\$/%)			Fixed Income (\$/%)			Commodities (\$/%)			Total
	Cash (\$/%)	U.S.	Global	U.S.	Global	International	Non-Traditional (\$/%)	International	Other (\$/%)	
5,895,863.89	0.00	0.00	0.00	63,536,469.14	0.00	0.00	0.00	0.00	0.00	\$69,432,333.03
8.49	0.00	0.00	0.00	91.51	0.00	0.00	0.00	0.00	0.00	100%
Total Portfolio										

EB 02120 • BOND PORTFOLIO • BSA PMP
 Risk profile: Conservative
 Return objective: Current Income

	Equities (\$/%)			Fixed Income (\$/%)			Commodities (\$/%)			Total
	Cash (\$/%)	U.S.	Global	U.S.	Global	International	Non-Traditional (\$/%)	International	Other (\$/%)	
5,895,863.89	0.00	0.00	0.00	63,536,469.14	0.00	0.00	0.00	0.00	0.00	\$69,432,333.03
8.49	0.00	0.00	0.00	91.51	0.00	0.00	0.00	0.00	0.00	100.00%
Total Portfolio										

Balanced mutual funds are allocated in the 'Other' category



Asset allocation review

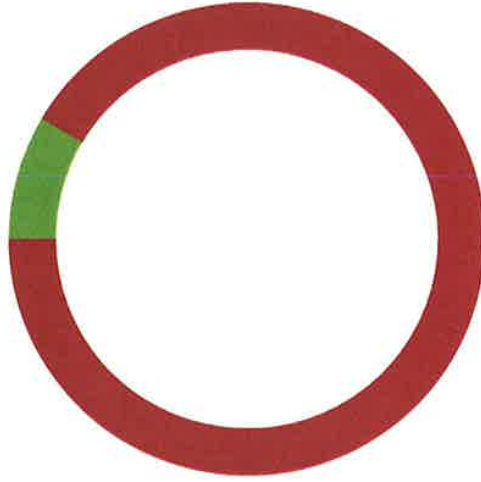
as of September 30, 2019

Summary of asset allocation

	Market value (\$)	% of Portfolio
Cash	5,895,863.89	8.49
Cash	5,895,863.89	8.49
US	5,895,863.89	8.49
Fixed Income	63,536,469.14	91.51
US	63,536,469.14	91.51
US Fixed Income	1,109,439.30	1.60
Government	33,787,061.97	48.66
Municipals	2,907,775.99	4.19
Corporate IG Credit	25,732,191.88	37.06
Equity	0.00	0.00
Commodities	0.00	0.00
Non-Traditional	0.00	0.00
Other	0.00	0.00
Total Portfolio	\$69,432,333.03	100%

Balanced mutual funds are allocated in the 'Other' category

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



■ Cash 8.49%
 ■ US Fixed Income 91.51%



Bond summary

as of September 30, 2019

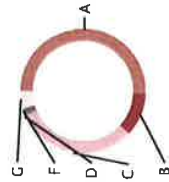
EB 02120 • BOND PORTFOLIO • Portfolio Management Program
 Prepared for **Kern Health Systems**
 Risk profile: Conservative
 Return Objective: Current Income

Bond overview

Total quantity	66,192,000
Total market value	\$66,250,874.90
Total accrued interest	\$272,109.24
Total market value plus accrued interest	\$66,522,984.14
Total estimated annual bond interest	\$1,262,106.50
Average coupon	2.02%
Average current yield	1.91%
Average yield to maturity	1.93%
Average yield to worst	1.93%
Average modified duration	1.44
Average effective maturity	1.50

Credit quality of bond holdings

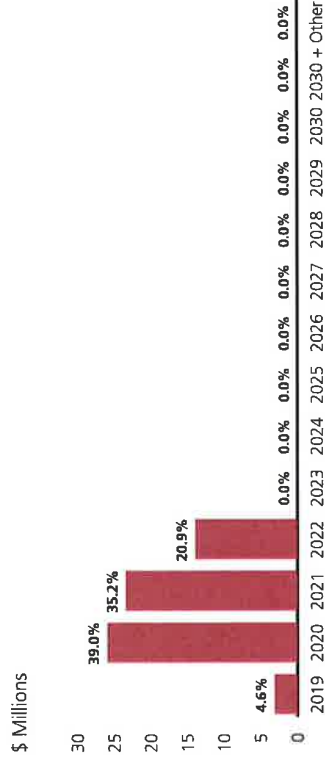
Effective credit rating	Issues	Value on 09/30/2019 (\$)	% of port.
A Aaa/AAA/AAA	14	33,787,061.98	50.89
B Aa1/AA/AA	6	7,460,464.88	11.19
C A/A/A	16	20,310,978.85	30.45
D Baa/BBB/BBB	2	868,524.15	1.29
E Non-investment grade	0	0.00	0.00
F Certificate of deposit	7	1,109,439.30	1.67
G Not rated	2	2,986,515.00	4.51
Total	47	\$66,522,984.14	100%



Investment type allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
Certificates of deposit	1,109,439.30	0.00	1,109,439.30	1.67
Municipals	2,907,775.99	0.00	2,907,775.99	4.37
U.S. corporates	25,732,191.88	0.00	25,732,191.88	38.68
U.S. federal agencies	34,799,166.98	0.00	34,799,166.98	52.31
U.S. treasuries	1,974,410.00	0.00	1,974,410.00	2.97
Total	\$66,522,984.15	\$0.00	\$66,522,984.15	100%

Bond maturity schedule



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

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



Bond holdings

as of September 30, 2019

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

Summary of bond holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2019	6	3,110,000	56,485.00	1.82%	2.30%	2.30%	0.09	3,104,888.03	4,237.82	3,131,633.40	4.69%
2020	20	25,878,000	463,051.00	1.79%	1.92%	1.91%	0.74	25,732,289.94	129,192.13	25,977,380.76	39.04%
2021	14	23,365,000	433,693.00	1.86%	1.84%	1.82%	1.65	23,340,520.54	35,817.86	23,448,176.49	35.28%
2022	7	13,839,000	308,877.50	2.22%	2.04%	2.03%	2.69	13,839,058.59	64,869.99	13,965,793.50	20.99%
2023	0	0	0	NA	NA	NA	NA	0	0	0	
2024	0	0	0	NA	NA	NA	NA	0	0	0	
2025	0	0	0	NA	NA	NA	NA	0	0	0	
2026	0	0	0	NA	NA	NA	NA	0	0	0	
2027	0	0	0	NA	NA	NA	NA	0	0	0	
2028	0	0	0	NA	NA	NA	NA	0	0	0	
2029	0	0	0	NA	NA	NA	NA	0	0	0	
2030	0	0	0	NA	NA	NA	NA	0	0	0	
2031	0	0	0	NA	NA	NA	NA	0	0	0	
2032	0	0	0	NA	NA	NA	NA	0	0	0	
2033	0	0	0	NA	NA	NA	NA	0	0	0	
2034	0	0	0	NA	NA	NA	NA	0	0	0	
2035	0	0	0	NA	NA	NA	NA	0	0	0	
2036	0	0	0	NA	NA	NA	NA	0	0	0	
2037	0	0	0	NA	NA	NA	NA	0	0	0	
2038	0	0	0	NA	NA	NA	NA	0	0	0	
2039	0	0	0	NA	NA	NA	NA	0	0	0	
2040	0	0	0	NA	NA	NA	NA	0	0	0	
2041	0	0	0	NA	NA	NA	NA	0	0	0	
2042	0	0	0	NA	NA	NA	NA	0	0	0	
2043	0	0	0	NA	NA	NA	NA	0	0	0	
2044	0	0	0	NA	NA	NA	NA	0	0	0	
2045	0	0	0	NA	NA	NA	NA	0	0	0	
2046	0	0	0	NA	NA	NA	NA	0	0	0	
2047	0	0	0	NA	NA	NA	NA	0	0	0	
2048	0	0	0	NA	NA	NA	NA	0	0	0	
2048 +	0	0	0	NA	NA	NA	NA	0	0	0	
Other	0	0	0	NA	NA	NA	NA	0	0	0	
Total	47	66,192,000	\$1,262,106.50	1.91%	1.93%	1.93%	1.44	\$66,016,757.10	\$234,117.80	\$66,522,984.14	

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

Report created on: November 07, 2019



Bond holdings - as of September 30, 2019 (continued)

Details of bond holdings

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. gl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
	66,192,000	2.02%	04/01/2021	NA	\$1,262,106.50	1.93%	1.44	\$66,016,757.1	NA	\$66,250,874.90	100%
					1.91%	1.93%		\$234,117.80		\$272,109.24	
										\$66,522,984.14	

Total Bond Portfolio

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. gl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2019											
CALIFORNIA ST TAX 6.200 100119 DTD 101509 /CA	400,000	6.20%	10/01/2019		24,800.00 6.20%	6.01%	0.00	400,045.94 -45.94	100.000	400,000.00 12,331.11	0.60%
FHLMC MED TERM NTS 00.0000%	485,000		10/01/2019			0.72%	0.01	484,971.49	100.000	485,000.00	0.73%
DUE 100119						0.72%		28.51		0.00	
FHLB NTS 00.0000% DUE 110719	1,500,000		11/07/2019			1.88%	0.10	1,493,807.91	99.807	1,497,105.00	2.26%
						1.88%		3,297.09		0.00	
UNTD TECHNOLOGIES CORP 08.875% 111519 DTD111389 FC051590 DEB	250,000	8.88%	11/15/2019		22,187.50 8.81%	2.65%	0.12	252,400.24 -490.24	100.764	251,910.00 8,320.31	0.38%
AMERIS BANK GA US RT 01.9500%	240,000	1.95%	12/13/2019		4,680.00	1.91%	0.20	239,904.00	100.008	240,019.20	0.36%
MAT 12/13/19 FIXED RATE CD /GA					1.95%	1.91%		115.20		615.45	
DISCOVER BK GREENWV DE US RT 02.0500% MAT 12/30/19 FIXED RATE CD /DE	235,000	2.05%	12/30/2019		4,817.50	1.88%	0.24	233,758.45	100.039	235,091.65	0.35%
					2.05%	1.88%		1,333.20		1,240.67	
	3,110,000	5.03%	11/04/2019		\$56,485.00	2.30%	0.09	\$3,104,888.03		\$3,109,125.85	4.69%
					1.82%	2.30%		\$4,237.82		\$22,507.55	

Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%) / YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. gl (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2020											
CATERPILLAR FINL SVCS 02.100%	850,000	2.10%	01/10/2020		17,850.00 2.10%	2.04%	0.27	847,195.00 2,932.50	100.015	850,127.50 3,966.67	1.28%
011020 DTD011217 FC071017 CALL@MMW+12.5BP						2.04%					
GOLDMAN SACHS BANK NY US RT 02.0000% MAT 02/04/20 FIXED RATE CD /NY	100,000	2.00%	02/04/2020		2,000.00 2.00%	1.87%	0.34	99,161.77 881.23	100.043	100,043.00 312.33	0.15%
BANK OF AMERICA NA NC US RT 02.4500% MAT 02/18/20 FIXED RATE CD /NC	240,000	2.45%	02/18/2020		5,880.00 2.44%	1.85%	0.38	239,664.00 880.80	100.227	240,544.80 741.04	0.36%

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Report created on: November 07, 2019



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

Bond holdings - as of September 30, 2019 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$/ Curr. yield (%)	YTM (%) / Modified duration	Adjusted cost basis (\$/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$/ Accr. interest (\$)	% of bond port.
Maturing 2020											
UNITED STATES TREAS BILL DUE 02/20/20	NR/NR/NR	1,500,000		02/20/2020			1.79%	1,486,073.21	99.294	1,489,410.00	2.25%
MORGAN STANLEY BK UT US RT 02.5000% MAT 02/24/20 FIXED RATE CD /JT	NR/NR/NR CD	140,000	2.50%	02/24/2020		3,500.00	1.79%	3,336.79		0.00	
FNMA NTS 01.500 % DUE 03/23/20 DTD 03/23/16 FC 09232016	Aaa/AAA/AA+	1,750,000	1.50%	03/23/2020	12/23/2019	26,250.00	1.84%	1,748,250.00	99.840	1,747,200.00	2.64%
BK OF AMER CORP NTS B/E 02.250% 04/21/20 DTD042115 FC102115	NR/NR/NR A2/A+/A-	750,000	2.25%	04/21/2020	100.00	16,875.00	1.84%	-1,050.00	100.107	750,802.50	1.13%
QUALCOMM INC NTS B/E 02.250% 05/20/20 DTD052015 FC112015	A2/NR/A-	2,879,000	2.25%	05/20/2020		64,777.50	2.18%	2,881,688.07	100.042	2,880,209.18	4.35%
AMERICAN EXPRESS CRD 02.375% 05/26/20 DTD052615 FC112615	NR/NR/NR A2/A+/A-	900,000	2.38%	05/26/2020	04/25/2020	21,375.00	2.17%	889,414.07	100.130	901,170.00	1.36%
CITIBANK NA NTS B/E 02.100% 06/12/20 DTD061217 FC121217	Aa3/A+/A+	550,000	2.10%	06/12/2020	05/12/2020	11,550.00	2.05%	539,005.50	100.032	550,176.00	0.83%
SYNCHRONY BANK UT US RT 02.1500% MAT 06/19/20 FIXED RATE CD /JT	NR/NR/NR CD	99,000	2.15%	06/19/2020	100.00	2,128.50	1.96%	98,522.82	100.131	99,129.69	0.15%
FHLMC MED TERM NTS 01.500 % DUE 06/29/20 DTD 06/29/16 FC 12292016	Aaa/AAA/AA+	3,500,000	1.50%	06/29/2020	12/29/2019	52,500.00	1.70%	3,500,000.00	99.849	3,494,715.00	5.27%
WELLS FARGO BK NA SD US RT 02.8000% MAT 06/29/20 FIXED RATE CD /SD	NR/NR/NR CD	50,000	2.80%	06/29/2020	100.00	1,400.00	1.80%	-5,285.00	100.740	50,370.00	0.08%
INTEL CORP NTS B/E 02.450% 07/29/20 DTD072915 FC012916 CALL@MMW+15BP	A1/A+/A+	1,750,000	2.45%	07/29/2020		42,875.00	1.94%	1,734,110.00	100.414	1,757,245.00	2.65%
AMAZON COM INC NTS B/E 01.900% 08/21/20 DTD022118 FC082118 CALL@MMW+7.5BP	NR/NR/NR A3/A+/A-	2,500,000	1.90%	08/21/2020		2,444.00	1.94%	23,135.00	100.065	7,264.93	
FNMA NTS 01.350 % DUE 08/24/20 DTD 08/24/16 FC 02242017	Aaa/AAA/AA+	3,500,000	1.35%	08/24/2020	11/24/2019	47,250.00	1.74%	3,498,250.00	99.656	3,487,960.00	5.26%
J P MORGAN CHASE & CO 02.550% 10/29/20 DTD102915 FC042916 NTS B/E	NR/NR/NR A2/A+/A-	1,000,000	2.55%	10/29/2020	09/29/2020	25,500.00	2.06%	-10,290.00	100.517	4,725.00	1.52%
BOEING CO B/E 01.650% 10/30/20 DTD102915 FC043016 CALL@MMW+10BP	NR/NR/NR A2/A+	2,000,000	1.65%	10/30/2020	09/30/2020	33,000.00	2.20%	1,969,800.00	99.411	1,988,220.00	3.00%

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



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

Bond holdings - as of September 30, 2019 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2020													
PNC BK NTS B/E 02.450% 110520	A2/A+/A	320,000	2.45%	11/05/2020	10/05/2020	10/05/2020	7,840.00	2.03%	0.98	316,736.00	100.449	321,436.80	0.49%
DTD110315 FC050516	NR/NR/NR				100.00	100.00	2,44%	2.00%		4,700.80		3,157.78	
VISA INC NTS B/E 02.200% 121420	Aa3/NR/AA-	1,500,000	2.20%	12/14/2020	11/14/2020	11/14/2020	33,000.00	1.89%	1.09	1,480,215.00	100.371	1,505,565.00	2.27%
DTD121415 FC061416	NR/NR/NR				100.00	100.00	2,19%	1.86%		25,350.00		9,716.67	
CALL@MMW+10BP													
Total 2020		25,878,000	1.90%	07/09/2020			\$463,051.00	1.92%	0.74	\$25,732,289.9		\$25,861,482.07	39.04%
							1,79%	1.91%		\$129,192.13		\$115,898.69	

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
Maturing 2021													
ANHEUSER BUSCH INBEV FIN	Baa1/BBB/A-	600,000	2.65%	02/01/2021	01/01/2021	01/01/2021	15,900.00	1.93%	1.22	591,840.00	100.948	605,688.00	0.91%
02.650% 020121 DTD012516	NR/NR/NR				100.00	100.00	2,63%	1.88%		13,848.00		2,605.83	
FC080116 CALL@MMW+20BP													
FFCB BOND 01.470 % DUE 021721	Aaa/AAA/AA+	4,500,000	1.47%	02/17/2021			66,150.00	1.78%	1.35	4,496,625.00	99.574	4,480,830.00	6.76%
DTD 081716 FC 02172017	NR/NR/NR						1,48%	1.78%		-15,795.00		7,901.25	
FHLMC MED TERM NTS 01.500 %	Aaa/AAA/AA+	3,525,000	1.50%	03/30/2021	09/30/2019	09/30/2019	52,875.00	1.81%	1.47	3,524,118.75	99.537	3,508,679.25	5.30%
DUE 033021 DTD 093016 FC	NR/NR/NR				100.00	100.00	1,51%	1.81%		-15,439.50		0.00	
03302017													
GENL DYNAMICS CORP NTS	A2/MD/A+	1,000,000	3.00%	05/11/2021			30,000.00	1.89%	1.55	994,790.00	101.751	1,017,510.00	1.54%
03.000% 051121 DTD051118	NR/NR/NR						2,95%	1.89%		22,720.00		11,583.33	
FC111118 CALL@MMW+10BP													
BURLINGTON NTHN SANTA FE	A3/NR/A+	1,000,000	4.10%	06/01/2021	03/01/2021	03/01/2021	41,000.00	2.29%	1.37	1,027,031.08	102.942	1,029,420.00	1.55%
04.100% 060121 DTD051911	NR/NR/NR				100.00	100.00	3,98%	1.99%		2,388.92		13,552.78	
CALL@MMW +15BP CORP NTS													
PRIZER INC NTS B/E 01.950%	A1/A/AA-	1,070,000	1.95%	06/03/2021			20,865.00	1.87%	1.63	1,065,645.10	100.124	1,071,326.80	1.62%
060321 DTD060316 FC120316	NR/NR/NR						1,95%	1.87%		5,681.70		6,781.13	
CALL@MMW+10BP													
FNMA NTS 01.530 % DUE 072821	Aaa/AAA/AA+	3,750,000	1.53%	07/28/2021	10/28/2019	10/28/2019	57,375.00	1.70%	1.78	3,750,000.00	99.697	3,738,637.50	5.64%
DTD 072816 FC 01282017	NR/NR/NR				100.00	100.00	1,53%	1.70%		-11,362.50		9,881.25	
FHLB NTS 01.550 % DUE 090121	Aaa/NR/AA+	500,000	1.55%	09/01/2021			7,750.00	1.79%	1.87	499,375.00	99.549	497,745.00	0.75%
DTD 090116 FC 03012017	NR/NR/NR						1,56%	1.79%		-1,630.00		624.31	
LOS ANG CAL TAX SR A	Aa2/NR/NR	1,000,000	2.15%	09/01/2021			21,500.00	1.82%	1.87	994,250.00	100.611	1,006,110.00	1.52%
2.150 090121 DTD 122116 /CA	Aa2/NR/NR						2,14%	1.82%		11,860.00		1,731.94	
ORACLE CORP NTS B/E 01.900%	A1/A/A+	1,425,000	1.90%	09/15/2021	08/15/2021	08/15/2021	27,075.00	1.96%	1.91	1,399,934.25	99.882	1,423,318.50	2.15%
091521 DTD070716 FC031517	NR/NR/NR				100.00	100.00	1,90%	1.96%		23,384.25		1,128.13	
CALL@MMW+15BP													
CISCO SYSTEMS INC B/E 01.850%	A1/NR/AA-	1,000,000	1.85%	09/20/2021	08/20/2021	08/20/2021	18,500.00	1.87%	1.92	993,660.00	99.969	999,690.00	1.51%
092021 DTD092016 FC032017	NR/NR/NR				100.00	100.00	1,85%	1.87%		6,030.00		513.89	
CALL@MMW+10BP													

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

Report created on: November 07, 2019



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

Bond holdings - as of September 30, 2019 (continued)

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$/ Curr. yield (%)	YTM (%)	Modified duration	Adjusted cost basis (\$/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$/ Accr. interest (\$)	% of bond port.
Maturing 2021												
FHLB BOND 01.520 % DUJ 092321	Aaa/NR/AA+	2,290,000	1.52%	09/23/2021		34,808.00	1.96%	1.93	2,289,150.00	99.158	2,270,718.20	3.43%
DTD 092316 FC 03232017	NR/NR/NR					1.53%	1.96%		-18,431.80		676.82	
FHLB BOND 01.600 % DUJ 092721	Aaa/NR/AA+	255,000	1.60%	09/27/2021		4,080.00	1.82%	1.95	255,000.00	99.563	253,885.65	0.38%
DTD 092716 FC 03272017	NR/NR/NR					1.61%	1.82%		-1,114.35		34.00	
MISSISSIPPI TAX SR G	Aa2/AA/AA	1,450,000	2.47%	11/01/2021		35,815.00	1.70%	2.00	1,459,101.36	101.571	1,472,779.50	2.22%
BER/ 2.470 110121 DTD 120815	Aa2/AA/NR					2.43%	1.70%		13,678.14		14,823.43	
Total 2021		23,365,000	1.86%	06/16/2021		\$433,693.00	1.84%	1.65	\$23,340,520.5		\$23,376,338.40	35.28%
						1.86%	1.82%		\$35,817.86		\$71,838.09	
Maturing 2022												
APPLE INC NTS B/E 02.500%	Aa1/NR/AA+	2,000,000	2.50%	02/09/2022	01/09/2022	50,000.00	1.84%	2.19	2,002,838.49	101.506	2,030,120.00	3.06%
020922 DTD020917 FC080917	NR/NR/NR				100.00	2.46%	1.82%		27,281.51		7,083.33	
CALL@MMW+10BP												
PEPSICO INC NTS B/E 02.250%	A1/A/A+	1,089,000	2.25%	05/02/2022	04/02/2022	24,502.50	1.90%	2.40	1,087,301.16	100.872	1,098,496.08	1.66%
050222 DTD050217 FC110217	NR/NR/NR				100.00	2.23%	1.89%		11,194.92		10,073.25	
CALL@MMW+10BP												
QUALCOMM INC NTS B/E 03.000%	A2/NR/A-	1,000,000	3.00%	05/20/2022		30,000.00	2.02%	2.50	1,016,018.94	102.512	1,025,120.00	1.55%
052022 DTD052015 FC112015	NR/NR/NR					2.93%	2.02%		9,101.06		10,833.33	
CALL@MMW+15BP												
FHLB NTS 02.000 % DUJ 090122	Aaa/NR/AA+	3,000,000	2.00%	09/01/2022		60,000.00	2.00%	2.81	2,988,750.00	100.003	3,000,090.00	4.53%
DTD 090117 FC 03012018	NR/NR/NR					2.00%	2.00%		11,340.00		4,833.33	
FHLB NTS 02.150 % DUJ 090622	Aaa/AA/NR	2,250,000	2.15%	09/06/2022	12/06/2019	48,375.00	2.15%	2.82	2,250,000.00	99.999	2,249,977.50	3.40%
DTD 090619 FC 03062020	NR/NR/NR				100.00	2.15%	2.15%		-22.50		3,225.00	
FFCB BOND 02.100 % DUE 092622	Aaa/AAA/AA+	2,000,000	2.10%	09/26/2022		42,000.00	2.10%	2.88	1,999,000.00	100.005	2,000,100.00	3.02%
DTD 092617 FC 03262018	NR/NR/NR					2.10%	2.10%		1,100.00		466.67	
FFCB BOND 02.160 % DUE 101122	Aaa/AAA/AA+	2,500,000	2.16%	10/11/2022		54,000.00	2.16%	2.88	2,495,150.00	100.001	2,500,025.00	3.77%
DTD 101117 FC 04112018	NR/NR/NR					2.16%	2.16%		4,875.00		25,350.00	
Total 2022		13,839,000	2.23%	07/28/2022		\$308,877.50	2.04%	2.69	\$13,839,058.5		\$13,903,928.58	20.99%
						2.22%	2.03%		\$64,869.99		\$61,864.92	
Total Bond Portfolio												
		66,192,000	2.02%	04/01/2021	NA	\$1,262,106.50	1.93%	1.44	\$66,016,757.1	NA	\$66,250,874.90	100%
						1.91%	1.93%		\$234,117.80		\$272,109.24	
											\$66,522,984.14	

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



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

Additional information about your portfolio

as of September 30, 2019

Benchmark composition

Account EB 02120

Blended Index

Start - 05/15/2017: 50% Barclays US Gov 1-3Y; 50% Barclays Govt/Credit 1-5Y
05/15/2017 - 05/31/2018: 100% Barclays Agg Bond
05/31/2018 - Current: 100% Barclays Agg Bond



Disclosures applicable to accounts at UBS Financial Services Inc.

This section contains important disclosures regarding the information and valuations presented here. All information presented is subject to change at any time and is provided only as of the date indicated. The information in this report is for informational purposes only and should not be relied upon as the basis of an investment or liquidation decision. UBS FS account statements and official tax documents are the only official record of your accounts and are not replaced, amended or superseded by any of the information presented in these reports. You should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise.

UBS FS offers a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers and mutual funds offered through our investment advisory programs. When we act as your investment adviser, we will have a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure(s) for the program(s) you selected that provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

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

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

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

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

performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your account records.

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

Time-weighted Returns for accounts / SWP sleeves (Monthly periods): The report displays a time weighted rate of return (TWR) that is calculated using the Modified Dietz Method. This calculation uses the beginning and ending portfolio values for the month and weights each contribution/withdrawal based upon the cash flow occurring. Periods greater than one month are calculated by linking the monthly returns. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. All periods shown which are greater than 12 months are annualized. This applies to all performance for all assets before 09/30/2010. Advisory assets before 12/31/2010 and SWP sleeves before 04/30/2018.

Time-weighted Returns for accounts / SWP sleeves (Daily periods): The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value plus the net value of cash flows that occurred during the day, if it was positive. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized. For reports generated prior to 01/26/2018, the performance calculations used the account's end of day value on the performance inception listed in the report under the column "TD" and all cash flows were posted at end of day. As a result of the change, the overall rate of return (TWR) and beginning market value displayed can vary from prior generated reports. This applies to all performance for all assets on or after

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

Money-weighted returns: Money-weighted return (MWR) is a measure of the rate of return for an asset or portfolio of assets. It is calculated by finding the daily Internal Rate of Return (IRR) for the period and then compounding this return by the number of days in the period being measured. The MWR incorporates the size and timing of cash flows, so it is an effective measure of returns on a portfolio.

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

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

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

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

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

Blended Index - For Advisory accounts, Blended Index is designed to reflect the asset categories in which your account is invested. For Brokerage accounts, you have the option to select any benchmark from the list.

For certain products, the blended index represents the investment style corresponding to your client target allocation. If you change your client target allocation, your blended index will change in step with your change to your client target allocation.

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

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

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



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

Program Fee rebate that is not reinvested is treated as a withdrawal.

Deposits: When shown on a report, this information represents the net value of all cash and securities contributions added to your accounts from the first day to the last day of the period. On Client Summary Report and/or Portfolio Review Report, this may exclude the Opening balance. For security contributions, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts.

Withdrawals: When shown on a report, this information represents the net value of all cash and securities withdrawals subtracted from your accounts from the first day to the last day of the period. On Client summary and/or portfolio review report, Withdrawals may not include program fees (including wrap fees). For security withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts.

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

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

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

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

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

reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date.

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

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

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

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

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

If you choose to display tax lot level information as separate line items on the Portfolio Holdings report, the tax lot information may include information from sources other than UBS FS. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other

than UBS FS. As a result this information may not be accurate and is provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. See your monthly statement for additional information.

Pricing: All securities are priced using the closing price reported on the last business day preceding the date of this report. Every reasonable attempt has been made to accurately price securities; however, we make no warranty with respect to any security's price. Please refer to the back of the first page of your UBS FS account statement for important information regarding the pricing used for certain types of securities, the sources of pricing data and other qualifications concerning the pricing of securities. To determine the value of securities in your account, we generally rely on third party quotation services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction. When securities are held at another custodian or if you hold illiquid or restricted securities for which there is no published price, we will generally rely on the value provided by the custodian or issuer of that security.

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

Asset Allocation: Your allocation analysis is based on your current portfolio. The Asset Allocation portion of this report shows the mix of various investment classes in your account. An asset allocation that shows a significantly higher percentage of equity investments may be more appropriate for an investor with a more aggressive investment strategy and higher tolerance for risk. Similarly, the asset allocation of a more conservative investor may show a higher percentage of fixed income investments.

Separately Managed Accounts and Pooled Investment Vehicles (such as mutual funds, closed end funds and exchanged traded funds): The asset classification displayed is based on firm's proprietary methodology for classifying assets. Please note that the asset classification assigned to rolled up strategies may include individual investments that provide exposure to other asset classes. For example, an International Developed Markets strategy may include exposure to Emerging Markets, and a US Large Cap strategy may include exposure to Mid Cap and Small Cap, etc.

Mutual Fund Asset Allocation: If the option to

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

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

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

Ineligible Assets: We require that you hold and purchase only eligible managed assets in your advisory accounts. Please contact your Financial Advisor for a list of the eligible assets in your program. These reports may provide performance information for eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your advisory assets. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. Neither UBS nor your Financial Advisor will act as your investment adviser with respect to Ineligible Assets.

Variable Annuity Asset Allocation: If the option to unbundle a variable annuity is selected and if a variable annuity's holdings data is available, variable annuities will be classified by the asset class, subclass, and style breakdown for their underlying holdings. Where a variable annuity contains equity holdings from multiple equity sectors, this report will proportionately allocate the underlying holdings of the variable annuity to those sectors measured as a percentage of the total variable annuity's asset value as of the date shown.

This information is supplied by Morningstar, Inc. on a



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

weekly basis to UBS FS based on data supplied by the variable annuity which may not be current. Portfolio holdings of variable annuities change on a regular (often daily) basis. Accordingly, any analysis that includes variable annuities may not accurately reflect the current composition of these variable annuities. If a variable annuity's underlying holding data is not available, it will remain classified as an annuity. All data is as of the date indicated in the report.

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

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

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

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

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

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

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

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

High Yield: This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact

your financial advisor or representative and do not make any investment decision based on this report.

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

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

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

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

Effective Maturity: Effective maturity is the expected redemption due to pre-refunding, puts, or maturity and does not reflect any sinking fund activity, optional or extraordinary calls. Securities without a maturity date are left blank and typically include Preferred Securities, Mutual Funds and Fixed Income UITs.

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

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

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

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

Cash Flow: This Cash Flow analysis is based on the historical dividend, coupon and interest payments you have received as of the Record Date in connection with the securities listed and assumes that you will continue

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

Expected Cash Flow reporting for Puerto Rico Income Tax Purposes: Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received solely for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal Revenue Code (PIIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS FS nor its employees or associated persons provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

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

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

Gain/Loss: The gain/loss information may include calculations based upon non-UBS FS cost basis

information. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. In addition, if this report contains positions with unavailable cost basis, the gain/(loss) for these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

Gain/Loss reporting for Puerto Rico Income Tax Purposes: Gain/(Loss) reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received gain/(loss) reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Pursuant to the Puerto Rico Internal Revenue Code (PIIRC) long-term capital gains are derived from the sale or exchange of capital assets held longer than six (6) months. For the purposes of this report only, long term gains and losses are represented by assets held for a period of more than six (6) months. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or your advisers for purposes other than determining realized gain/loss for Puerto Rico income tax purposes. Neither UBS FS nor its employees or associated persons provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

Gain/Loss 60/40: Index options listed in this report may be subject to IRS Tax Code - section 1256 categorizing them as broad-based index options. If so, the index may be eligible to be treated as 60% long term and 40% short terms for tax purposes. Please contact your tax professional to determine eligibility.

The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page. If an account number begins with "0" this denotes assets or liabilities held at other financial institutions. Information about these assets, including valuation, account type and cost basis, is based on the information you provided to us, or provided to us by third party data aggregators or custodians at your direction. We have not verified, and are not responsible for, the accuracy or completeness of this information.



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

Account name(s) displayed in this report and labels used for groupings of accounts can be customizable "nicknames" chosen by you to assist you with your recordkeeping or may have been included by your financial advisor for reference purposes only. The names used have no legal effect, are not intended to reflect any strategy, product, recommendation, investment objective or risk profile associated with your accounts or any group of accounts, and are not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.

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

Account changes: At UBS, we are committed to helping you work toward your financial goals. So that we may continue providing you with financial advice that is consistent with your investment objectives, please consider the following two questions:

- 1) Have there been any changes to your financial situation or investment objectives?
 - 2) Would you like to implement or modify any restrictions regarding the management of your account?
- If the answer to either question is "yes," it is important that you contact your Financial Advisor as soon as possible to discuss these changes. For MAC advisory accounts, please contact your investment manager directly if you would like to impose or change any investment restrictions on your account.

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

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

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

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

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

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Kern Health Systems

Account Number: EBXXX20

Filtered by: Entry Date 07/01/2019-09/30/2019, Call/Redemption

Your Financial Advisor
THE COHEN GROUP
Phone: 661-563-3008/623-8022

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
09/30/19	09/30/19	CALL REDEMPTION	FHLB BOND 02.510 % DUE 122922	FA46D5	-2,000,000.00	REDEMPTION	2,000,000.00
09/23/19	09/23/19	CALL REDEMPTION	MORGAN STANLEY 05.625% 092319 DTD092309	646K70	-750,000.00	REDEMPTION	750,000.00
09/03/19	09/03/19	CALL REDEMPTION	NBCUNIVERSAL MEDIA LLC 05.150% 043020 DTD043011	808BT7	-2,000,000.00	REDEMPTION	2,039,920.00
08/19/19	08/19/19	CALL REDEMPTION	FFCB BOND 02.550 % DUE 011723	FA5AZ6	-2,500,000.00	REDEMPTION	2,500,000.00
07/26/19	07/26/19	CALL REDEMPTION	FNMA NTS 01.125 % DUE 072619	F06578	-594,000.00	REDEMPTION	594,000.00

Filtered by: Entry Date 07/01/2019-09/30/2019, Bought

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
09/09/19	09/10/19	BOUGHT	FHLMC NTS 02.150 % DUE 090622	FD4V01	2,250,000.00	\$100.00	-2,250,537.50
08/21/19	08/23/19	BOUGHT	AMERIS BANK GA US RT 01.9500% MAT 12/13/19	ZBGKT-N30RV6	240,000.00	\$99.96	-240,032.22
08/21/19	08/22/19	BOUGHT	FHLB NTS 00.0000% DUE 110719	FD1430	1,500,000.00	\$99.587	-1,493,807.91
08/20/19	08/22/19	BOUGHT	UNITED STATES TREAS BILL DUE 02/20/20	FD28Q6	1,500,000.00	\$99.072	-1,486,073.21

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

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

*The information is based upon the market value of your account(s) as of the close of business on **September 30, 2019**, is subject to daily market fluctuation and in some cases may be rounded for convenience.*

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

Your financial advisor can provide additional information about how benchmarks within this report were selected.

You have discussed the receipt of this individually customized report with your Financial Advisor and understand that it is being provided for informational purposes only.

If you would like to revoke such consent, and no longer receive this report, please notify your Financial Advisor and/or Branch Manager.



Wells Fargo Bank, N.A.
707 WILSHIRE BOULEVARD
LOS ANGELES CA 90017

JONATHAN CHUANG
1-213-614-2206

Bank Account Statement
Wells Fargo Bank, N.A.

Statement Period
09/01/2019 - 09/30/2019

KERN HEALTH SYSTEMS
2900 BUCK OWENS BOULEVARD

Account Number
1AB84780

Account Value Summary USD

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	28,053,282.23	10,024,371.24	15%
Bonds	44,913,083.14	58,770,396.21	85%
Stocks	0.00	0.00	0%
Total Account Value	\$ 72,966,365.37	\$ 68,794,767.45	100%
Value Change Since Last Statement Period		\$ (4,171,597.92)	
Percent Decrease Since Last Statement Period		6%	
Value Last Year-End		\$ 96,963,495.64	
Percent Decrease Since Last Year-End		29%	

Income Summary USD

	This Period	Year-To-Date
Interest	\$ 41,682.71	\$ 396,957.35
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	44,698.33	443,895.53
Other	0.00	0.00
Income Total	\$ 86,381.04	\$ 840,852.88

Interest Charged USD

Description	This Period
Debit Interest For September 2019	0.00
Total Interest Charged	\$ 0.00

Money Market Mutual Funds Summary USD

Description	Amount
Opening Balance	\$ 28,053,282.23
Deposits and Other Additions	239,151,838.47
Distributions and Other Subtractions	(257,225,447.79)
Dividends Reinvested	44,698.33
Change in Value	0.00
Closing Balance	\$ 10,024,371.24

Safekeeping

Important Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statements: WFS financial statements are available upon request.

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

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

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

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

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

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

Statement Ending: September 30, 2019

KERN HEALTH SYSTEMS
Account Number: 1AB84780

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

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
Bonds USD								
912796VX4	UNITED STATES TREASURY BILL	10/01/19	0.000%	30,000,000.000	100.0000	30,000,000.00		
912796VY2	UNITED STATES TREASURY BILL	10/08/19	0.000%	20,000,000.000	99.9660	19,993,200.00		
48306BXA8	KAISER FOUNDATION HOSP DISCOUNTED COMMERCIAL PAPER	10/10/19	0.000%	4,000,000.000	99.9336	3,997,342.24		
49327M2F0	KEY BANK NA	12/15/19	2.500%	1,000,000.000	100.0546	1,000,546.35		N
43815HAB3	HAROT 2018-3 A2	12/21/20	2.670%	780,268.160 2,000,000.000	100.1308	781,288.52		
17305EGB5	CCCIT 2017-A3 A3	04/07/22	1.920%	3,000,000.000	99.9340	2,998,019.10		N
				58,780,268.160		58,770,396.21	0.00	

*See important information regarding security pricing on Page 2.

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

Daily Account Activity

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Transaction Activity USD									
09/05/19	09/05/19	Security Receipt	29101BWJ7	EMERSON ELECTRIC CO 4(2)	3,000,000.00	99.9277780	(2,997,633.33)	0.00	(2,997,633.33)
09/05/19	09/05/19	Security Receipt	48306BXA8	KAISER FOUNDATION HOSP	4,000,000.00	99.8055560	(3,992,222.24)	0.00	(3,992,222.24)
09/05/19	09/05/19	Security Receipt	6541E1WK1	NIKE INC 4(2) DISCOUNTED	3,000,000.00	99.9226110	(2,997,678.33)	0.00	(2,997,678.33)
09/06/19	09/06/19	Security Receipt	912796VY2	UNITED STATES TREASURY BILL	20,000,000.00	99.8257780	(19,965,155.56)	0.00	(19,965,155.56)
09/06/19	09/06/19	Security Receipt	912796XK0	US TREASURY BILL	8,000,000.00	99.9452780	(7,995,622.22)	0.00	(7,995,622.22)
09/06/19	09/06/19	Security Receipt	912796XK0	US TREASURY BILL	50,000,000.00	99.9452780	(49,972,638.89)	0.00	(49,972,638.89)
09/09/19	09/09/19	Security Receipt	912796VW6	UNITED STATES TREASURY BILL	20,000,000.00	99.9193750	(19,983,875.00)	0.00	(19,983,875.00)
09/09/19	09/10/19	Security Receipt	30229BWWQ6	EXXON MOBIL CORP DISCOUNTED	5,000,000.00	99.9222220	(4,996,111.11)	0.00	(4,996,111.11)
09/06/19	09/10/19	Security Receipt	375558BR3	GILEAD SCIENCES INC	4,283,000.00	99.9940000	(4,282,743.02)	(37,416.76)	(4,320,159.78)
09/12/19	09/12/19	Security Receipt	912796SK6	UNITED STATES TREASURY BILL	30,000,000.00	99.8257220	(29,977,716.67)	0.00	(29,977,716.67)
09/23/19	09/23/19	Security Receipt	912796VX4	UNITED STATES TREASURY BILL	30,000,000.00	99.9594440	(29,987,833.33)	0.00	(29,987,833.33)
09/25/19	09/25/19	Security Receipt	313384MJS	FED HOME LN DISCOUNT NT	30,000,000.00	99.9755560	(29,992,666.67)	0.00	(29,992,666.67)
Income / Payment Activity USD									
09/10/19	09/10/19	Matured	313384LN7	FED HOME LN DISCOUNT NT			20,000,000.00		20,000,000.00
09/10/19	09/10/19	Matured	912796VU0	UNITED STATES TREASURY BILL			20,000,000.00		20,000,000.00

25/24/9 12/28/2019 09:13 32327 LHM#2811889 02/13/19 28888 0020 PMS# 72/01/19 P

Safekeeping

Statement Ending: September 30, 2019

KERN HEALTH SYSTEMS
Account Number: 1ABB4780

Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
Income / Payment Activity USD									
09/16/19	09/16/19	Matured	912796XK0	US TREASURY BILL			58,000,000.00		58,000,000.00
09/18/19	09/18/19	Matured	29101BWJ7	EMERSON ELECTRIC CO 4(2)			3,000,000.00		3,000,000.00
09/19/19	09/19/19	Matured	6541E1WK1	NIKE INC 4(2) DISCOUNTED			3,000,000.00		3,000,000.00
09/20/19	09/20/19	Matured	375558BR3	GILEAD SCIENCES INC			4,283,000.00		4,283,000.00
09/20/19	09/20/19	Interest	375558BR3	GILEAD SCIENCES INC				39,617.75	39,617.75
09/23/19	09/23/19	Paydown	43815HAB3	HAROT 2018-3 A2			147,804.43		147,804.43
09/23/19	09/23/19	Interest	43815HAB3	HAROT 2018-3 A2				2,064.96	2,064.96
09/24/19	09/24/19	Matured	30229BWQ6	EXXON MOBIL CORP DISCOUNTED			5,000,000.00		5,000,000.00
09/24/19	09/24/19	Matured	912796VW6	UNITED STATES TREASURY BILL			20,000,000.00		20,000,000.00
09/26/19	09/26/19	Matured	912796SK6	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
09/30/19	09/30/19	Matured	313384MJ5	FED HOME LN DISCOUNT NT			30,000,000.00		30,000,000.00

Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
09/04/19	09/04/19	ACH/DDA Transaction	DESIGNATED DDA	15,000,000.00	
09/05/19	09/05/19	ACH/DDA Transaction	DESIGNATED DDA	1,000,000.00	
09/06/19	09/06/19	ACH/DDA Transaction	DESIGNATED DDA		49,972,638.89
09/06/19	09/06/19	ACH/DDA Transaction	DESIGNATED DDA		19,965,155.56
09/06/19	09/06/19	ACH/DDA Transaction	DESIGNATED DDA		47,000,000.00
09/06/19	09/06/19	ACH/DDA Transaction	DESIGNATED DDA		7,995,622.22
09/10/19	09/10/19	ACH/DDA Transaction	DESIGNATED DDA	20,000,000.00	
09/11/19	09/11/19	ACH/DDA Transaction	DESIGNATED DDA	6,000,000.00	
09/18/19	09/18/19	ACH/DDA Transaction	DESIGNATED DDA	13,800,000.00	
09/19/19	09/19/19	ACH/DDA Transaction	DESIGNATED DDA	1,000,000.00	
09/19/19	09/19/19	ACH/DDA Transaction	DESIGNATED DDA	6,000,000.00	
09/24/19	09/24/19	ACH/DDA Transaction	DESIGNATED DDA	3,500,000.00	
09/24/19	09/24/19	ACH/DDA Transaction	DESIGNATED DDA	6,000,000.00	
09/25/19	09/25/19	ACH/DDA Transaction	DESIGNATED DDA	6,000,000.00	
09/27/19	09/27/19	ACH/DDA Transaction	DESIGNATED DDA	2,000,000.00	
09/30/19	09/30/19	ACH/DDA Transaction	DESIGNATED DDA	55,000,000.00	

Money Market Fund Activity

Morgan Stan TreasSvc 8314	Dividend paid this period	7 day* simple yield	30 day* simple yield
*As of September 30, 2019			
USD	44,698.33	1.770%	1.900%

Statement Ending: September 30, 2019

KERN HEALTH SYSTEMS
Account Number: 1AB84780

Money Market Fund Activity (Continued)

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	Beginning Balance		1.0000	28,053,282.23		28,053,282.23000
09/03/19	Reinvest	44,698.33000			44,698.33	28,097,980.56000
09/04/19	Redemption	(15,000,000.00000)		(15,000,000.00)		13,097,980.56000
09/05/19	Redemption	(1,000,000.00000)		(1,000,000.00)		12,097,980.56000
09/05/19	Redemption	(9,987,733.90000)		(9,987,733.90)		2,110,246.66000
09/06/19	Purchase	47,000,000.00000		47,000,000.00		49,110,246.66000
09/06/19	Purchase	7,995,622.22000		7,995,622.22		57,105,868.88000
09/06/19	Redemption	(7,995,622.22000)		(7,995,622.22)		49,110,246.66000
09/09/19	Redemption	(19,983,875.00000)		(19,983,875.00)		29,126,371.66000
09/10/19	Purchase	30,683,729.11000		30,683,729.11		59,810,100.77000
09/10/19	Redemption	(20,000,000.00000)		(20,000,000.00)		39,810,100.77000
09/11/19	Redemption	(6,000,000.00000)		(6,000,000.00)		33,810,100.77000
09/12/19	Redemption	(29,977,716.67000)		(29,977,716.67)		3,832,384.10000
09/16/19	Purchase	58,000,000.00000		58,000,000.00		61,832,384.10000
09/18/19	Purchase	3,000,000.00000		3,000,000.00		64,832,384.10000
09/18/19	Redemption	(13,800,000.00000)		(13,800,000.00)		51,032,384.10000
09/19/19	Purchase	3,000,000.00000		3,000,000.00		54,032,384.10000
09/19/19	Redemption	(1,000,000.00000)		(1,000,000.00)		53,032,384.10000
09/20/19	Purchase	4,322,617.75000		4,322,617.75		57,355,001.85000
09/23/19	Purchase	149,869.39000		149,869.39		57,504,871.24000
09/23/19	Redemption	(29,987,833.33000)		(29,987,833.33)		27,517,037.91000
09/24/19	Purchase	25,000,000.00000		25,000,000.00		52,517,037.91000
09/24/19	Redemption	(3,500,000.00000)		(3,500,000.00)		49,017,037.91000
09/24/19	Redemption	(6,000,000.00000)		(6,000,000.00)		43,017,037.91000
09/25/19	Redemption	(6,000,000.00000)		(6,000,000.00)		37,017,037.91000
09/25/19	Redemption	(29,992,666.67000)		(29,992,666.67)		7,024,371.24000
09/26/19	Purchase	30,000,000.00000		30,000,000.00		37,024,371.24000
09/27/19	Redemption	(2,000,000.00000)		(2,000,000.00)		35,024,371.24000
09/30/19	Purchase	30,000,000.00000		30,000,000.00		65,024,371.24000
09/30/19	Redemption	(55,000,000.00000)		(55,000,000.00)		10,024,371.24000
	Ending Balance		1.0000	10,024,371.24		10,024,371.24000

Safekeeping



**CALIFORNIA STATE TREASURER
FIONA MA, CPA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
09/16/19	2.28	2.35	182
09/17/19	2.27	2.35	188
09/18/19	2.27	2.35	187
09/19/19	2.27	2.35	186
09/20/19	2.26	2.35	185
09/21/19	2.26	2.34	185
09/22/19	2.26	2.34	185
09/23/19	2.26	2.34	186
09/24/19	2.26	2.34	185
09/25/19	2.25	2.34	184
09/26/19	2.25	2.34	186
09/27/19	2.25	2.34	187
09/28/19	2.25	2.34	187
09/29/19	2.25	2.34	187
09/30/19	2.25	2.34	185
10/01/19	2.22	2.22	200
10/02/19	2.22	2.22	200
10/03/19	2.21	2.22	198
10/04/19	2.21	2.22	198
10/05/19	2.21	2.21	198
10/06/19	2.21	2.21	198
10/07/19	2.21	2.21	197
10/08/19	2.21	2.21	197
10/09/19	2.21	2.21	196
10/10/19	2.20	2.21	199
10/11/19	2.20	2.21	200
10/12/19	2.20	2.21	200
10/13/19	2.20	2.21	200
10/14/19	2.20	2.21	197
10/15/19	2.20	2.21	198
10/16/19	2.19	2.21	197

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

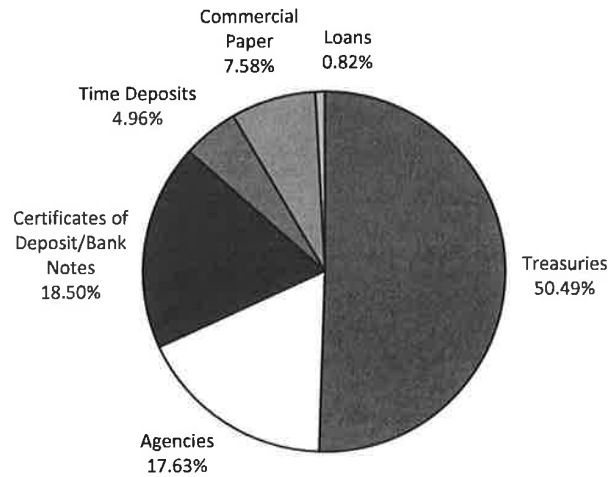
Quarter Ending 09/30/19

Apportionment Rate: 2.45
 Earnings Ratio: .00006701807521016
 Fair Value Factor: 1.001642817
 Daily: 2.25%
 Quarter to Date: 2.34%
 Average Life: 185

PMIA Average Monthly Effective Yields

Sep 2019 2.280
 Aug 2019 2.341
 July 2019 2.379

**Pooled Money Investment Account
Portfolio Composition
09/30/19
\$97.4 billion**



Percentages may not total 100% due to rounding

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1)

Based on data available as of 10/16/2019



To: KHS Board of Directors

From: Douglas A Hayward, CEO

Date: December 12, 2019

Re: Final Building and Landscape Upgrades

Background:

As a follow-up to the Kern Health Systems Board requests, staff received estimates to finalize and enhance the new building and landscape design. The additional work requested will include the following:

- Completing the exterior brick veneer as shown on rendering attached;
- Planting mature trees in front of the building off Buck Owens Blvd; and
- Adding planters to atrium and front visitor entrance.

The additional cost to complete the landscape is within the 2019 Construction Budget.

Emily Duran will do a presentation expanding on the impact this project will have on the building and property.

Requested Action:

Recommend KHS Board of Directors authorize CEO to execute landscape design contract(s) in an amount not to exceed \$300,000.





To: KHS Board of Directors

From: Douglas A. Hayward, Chief Executive Officer

Date: December 12, 2019

Re: DHCS CalAIM Proposal Summary

Background

With the state's current Section 1115 and 1915(b) waivers expiring in 2020, the California Department of Health Care Services (DHCS) developed the California Advancing and Innovating Medi-Cal (CalAIM) initiative to set the course for the broader Medi-Cal delivery system for the next several years. CalAIM includes a series of proposed changes across various DHCS delivery systems including Medi-Cal Managed Care. DHCS formally released the CalAIM proposal on October 29, 2019. CalAIM has three primary goals:

1. Identify and manage member risk and need through Whole Person Care approaches and addressing Social Determinants of Health;
2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
3. Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems and payment reform.

Achievement of these goals will require a further evolution of Managed Care Plans like KHS through the expansion of care beyond traditional Medi-Cal services. The focus on population health management, social determinants of health, coordination of dual-eligible beneficiaries, and further coordination and integration with dental and behavioral health services will result in a more whole-person approach to health care. It is clear in the proposal that DHCS intends to rely heavily on the Medi-Cal Managed Care Plan delivery system to implement many of their initiatives.

Jeremy McGuire, Director of Government Affairs and Business Development will provide a summary presentation to the Board of Directors.

Requested Action

Receive and File.



DHCS CalAIM Proposal Summary

December 12, 2019

Background

- With the state's current Section 1115 and 1915(b) waivers expiring in 2020, DHCS developed the California Advancing and Innovating Medi-Cal (CalAIM) initiative to set the course for the broader Medi-Cal delivery system.
- DHCS formally released the CalAIM proposal on October 29, 2019
- CalAIM has three primary goals:
 - 1. Identify and manage member risk and need through Whole Person Care approaches and addressing Social Determinants of Health;
 - 2. Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
 - 3. Improve quality outcomes and drive delivery system transformation through value-based initiatives, modernization of systems and payment reform.



Key CalAIM Initiatives

- The CalAIM proposal includes 20+ initiatives impacting a variety of systems of care
- Major focus areas for Managed Care Plans:
 - Population Health Management
 - Enhanced Care Management
 - In Lieu Of Services
 - NCQA Accreditation
 - Long Term Care Carve-In
 - Dual-Eligible D-SNP
 - Annual Open Enrollment



Population Health Management

- By January 2021, Plans must develop and maintain PHM programs compliant with NCQA and DHCS requirements and file with DHCS.
- Utilize robust data analytics to identify and stratify low, medium and high-risk populations and have defined actions and programs to address needs.
- Perform initial and ongoing risk assessments, reassessments using assessment tool.
- Integrate PHM into Health Plan functions for coordination of services across the spectrum.

Enhanced Care Management

- Proposes to establish enhanced care management benefit by 1/1/21 to provide a whole-person approach to care that addresses the clinical and non-clinical needs of high-need Medi-Cal beneficiaries.
- Collaborative and interdisciplinary approach to providing intensive and comprehensive care management services to individuals.
- Would replace the current Whole Person Care and Health Homes Programs.
- Specific NCQA elements required.
- July 2020 transition plan deadline.



In Lieu of Services

- By 1/1/21 would offer flexible services provided as a substitute, or to avoid, other services such as a hospital or skilled nursing facility admission or a discharge delay.
- Menu of services Plans may elect to offer includes: housing transition and sustaining services, recuperative care, respite, home and community based wrap around services.
- July 2020 transition plan deadline.
- Jan –Dec 2020: Develop shared savings/risk and plan incentive methodologies.

NCQA Accreditation

- Would require all Medi-Cal managed care plans to be National Committee for Quality Assurance (NCQA) accredited by 2025.
- Very specific and substantial requirements laid out by NCQA in order to earn accreditation.
- DHCS would use NCQA findings to certify or deem that Medi-Cal managed care plans meet certain State and federal Medicaid requirements.



Long Term Care and Transplants

- Would carve-in institutional long-term care and transplant services into managed care on 1/1/21.
- LTC includes skilled nursing facilities, subacute facilities, pediatric subacute facilities, and intermediate care facilities.
- Significant provider network, transition of care, and audit/oversight development would be necessary.

Dual Eligible Special Needs Plans

- By 1/1/23 would require Medi-Cal managed care plans to operate Medicare Dual-Special Needs Plans (D-SNP), in order to offer dual eligible members the ability to have coordinated managed care plans for both their Medi-Cal and Medicare benefits.
- Would create a new KHS line of business (Medicare) with a new regulator (CMS).
- Separate requirements around NCQA accreditation and Knox Keene Licensure.
- Organization-wide process development requirements.



Annual Open Enrollment

- Beginning 11/1/21 DHCS would Institute annual open enrollment for Medi-Cal managed care.
- Enrollees would generally only be allowed to change their managed care plan during the Annual Health Plan Open Enrollment period (11/1-12/15).
- Includes an exemption process that will allow members to change Plans mid-year.
- Provides the stability required to do effective care and case management of the plan members.



Other CalAIM Initiatives

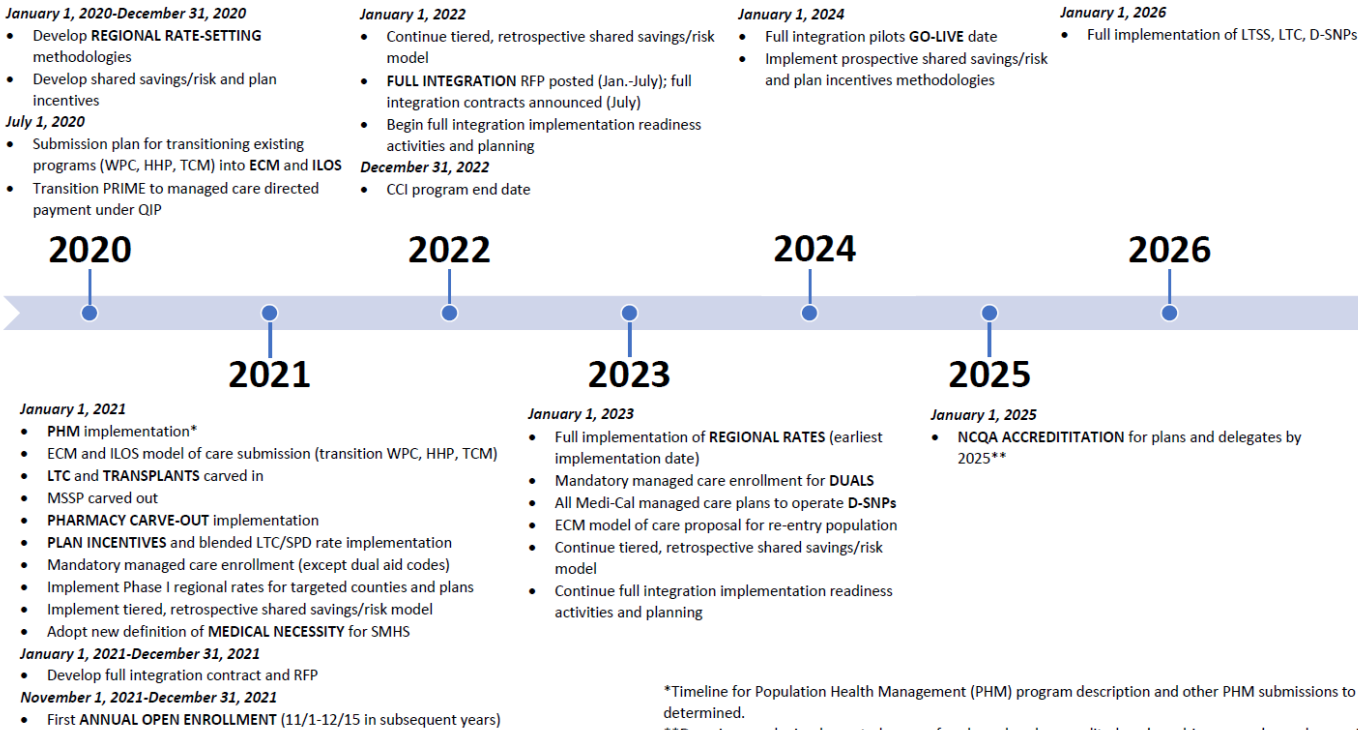
- Mandatory Managed Care Populations – 1/1/21 would start transitioning remaining non-mandatory aid codes into Managed Care.
- Testing Integration of Medical, Behavioral and Dental – 1/1/22 DHCS RFP for piloting Plans with intended implementation in January 2024.
- Enhancing Beneficiary Contact/Demographic Information – DHCS workgroup formation
- Regional Capitation Rates - proposes to shift the development of Medi-Cal managed care plan rates from a county-based model to a regional rate model. Phase 1 by 1/1/21 and Phase 2 by 1/1/2023.
- Various Behavioral Health and Dental changes



Timeline Overview



Timeline of Key Managed Care CalAIM Proposals



*Timeline for Population Health Management (PHM) program description and other PHM submissions to be determined.
 **Deeming may be implemented sooner for plans already accredited; a phased-in approach may be considered.



Next Steps

- Various DHCS-led stakeholder workgroups meeting to discuss specific topics through February 2020.
 - Kick-off meetings occurring to review background info and strategic direction.
 - KHS CMO included in NCQA workgroup.
 - LHPC/CAHP included on all MCP-relevant workgroups.
 - Final proposal may be very different than the draft.
- Robust LHPC/CAHP debrief and feedback process.
- Overlap with upcoming State Budget and Legislative Session.
- DHCS to submit to CMS for approval by July 2020.
- Upcoming separate meetings with DHCS to discuss implementation technical guidance.
- KHS internal operational strategy development.





To: KHS Board of Directors

From: Compensation Committee

Date: December 12, 2019

Re: Amendment to the Chief Executive Officer's Employment Agreement to Incorporate Proposed Compensation Arrangement for Contract Extension Through June, 2022

Background

At the October Board meeting, the Board approved extending the CEO's employment agreement through June, 2022 and create a Compensation Committee to develop a compensation arrangement acceptable to the CEO for the length of his extended contract. A Compensation Committee comprised of Chairman McGlew, Vice Chairman Judd and Past Chairman Rhoades was formed to develop a new compensation arrangement for presentation at the December Board meeting.

Proposed Compensation Arrangement

In lieu of a salary adjustment, Mr. Hayward asks the Committee to consider adding to his supplemental retirement plan. Because Mr. Hayward's tenure with Kern Health Systems will be well short of reaching full retirement benefits under the California Public Employee Retirement Systems or CalPERS, the CEO asks to forgo a salary adjustment and annual merit increases until his retirement and contribute its value toward purchasing a supplemental retirement benefit. With CalPERS no longer providing the option to purchase additional years of service to enhance employee retirement compensation, the CEO would find adding to his current supplemental retirement benefit to be preferable to a salary adjustment.

Given this background and following a similar compensation structure mutually agreed upon by the Board and CEO (Executive) governing his last contract, it was suggested by the CEO to use a similar arrangement for his extended employment agreement. The proposed arrangement provides for:

- Extending the Executive's existing supplemental retirement benefit titled: the CAP EX Plan. As with his last agreement, a second supplemental retirement benefit plan will be given in lieu of moving the Executive's salary to the median income level for the CEO pay band estimated to save KHS \$224,500 over the contract extension period of 30 months. The Executive shall receive a second CAP EX Plan supplemental retirement benefit consisting of an annuity and death benefit. The second CAP EX plan requires a one-time purchase of life insurance policies from Penn Mutual Life Insurance Company and Minnesota Life Insurance Company which will fund the annuity for the CEO upon retirement and provide death benefits to KHS and to the CEO's estate upon the death of the CEO or his spouse whichever occurs last (death occurrence). Upon retirement Executive shall receive from the supplemental retirement benefit, a projected annual estimated annuity payment of \$27,114 per year for a projected sixteen (16) years.

- In order to receive the Plan benefits, the Executive must remain employment with KHS through June 30th, 2022 (agreement termination date).
- The Executive shall be considered fully vested and eligible to receive the full amount in the event of his permanent disability, death, or involuntary termination, other than termination for cause (as defined under this employment agreement).
- Executive shall remain eligible for the supplemental retirement benefit unless he is terminated for cause and in such case will forfeit all rights to such payment.
- Beginning January 2020, in order to maintain his current salary's purchase value, the Executive will be entitled only to a annual cost of living adjustment (COLA) for the 2020, 2021 and 2022 pay periods.

Plausible for KHS

As with Executive's existing CAP EX Plan, there is no fiscal impact to KHS since the purchase price of the life insurance plan is repaid from the death benefit payments of the policy upon the death occurrence as defined above. No fiscal impact to Kern Health Systems means:

1. KHS will recover the full value of its life insurance premium contribution and the time value (interest) that this investment would earn for the duration of the period of the life insurance plan.
2. The Plan guarantees that all funds (premiums) disbursed under the Plan along with interest are returned to KHS.
3. Accounting treatment for this transaction would be as an asset and not a liability and thus, there is no impact to KHS's financial statements.

Requested Action

Approval of amendment to Chief Executive Officer Employment Agreement extending the CEO's current supplemental retirement benefit plan to include purchase of a second CAP EX Plan as outlined above and authorizing the KHS Chairman to sign all applicable documents necessary to implement the terms and conditions required under the CAP EX Plan on behalf of Kern Health Systems.

**AMENDMENT
NO.10 TO
AGREEMENT FOR PROFESSIONAL SERVICES
CONTRACT EMPLOYEE
(Kern Health Systems – Douglas A. Hayward)**

This Amendment No. 10 to the Agreement for Professional Services (“Amendment”) is made and entered into this 12th day of December, 2019 between Kern Health Systems, a county health authority (“KHS”), and Douglas A. Hayward (“Executive”).

RECITALS

(a) KHS and Executive have heretofore entered into an Agreement for Professional Services (dated December 1, 2011) (“Original Agreement”), whereby Executive is employed by KHS to serve as Chief Executive Officer; and

(b) The Board and Executive have agreed to amend the provisions for Executive compensation contained in the; and

(c) The parties agree to amend certain terms and conditions of the Agreement as hereinafter set forth; and

The Agreement is amended effective December 12, 2019

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth and incorporating by this reference the foregoing recitals, the parties hereto agree to amend the Agreement as follows:

1. Section 1 Term is hereby deleted in its entirety and superseded by the following: “Term. The term of this Agreement shall commence January 16, 2012(the Commencement Date) and shall end June 30, 2022 unless earlier terminated pursuant to other provisions of this Agreement herein stated.”

2. Section 4.1.3 CAP EX Plan supplemental retirement plan is amended to add a second CAP EX Plan supplemental retirement plan in section a.1:

“a.1 . In lieu of adjusting the Executive’s salary to the median income level for Executive Pay Grade III and providing annual merit increases over the aggregate 2019 through 2022 pay periods, the Executive shall receive a second CAP EX Plan supplemental retirement plan benefit designated as CAP EX Plan.2 in addition to the CAP EX Plan.1 already in existence which took effect on January 16, 2012.”

2. Section 4.1.3 (b) through 4.1.3 (f) are deleted in their entirety and superseded by the following:

“b. The Executive shall only receive a cost of living adjustment (COLA) each year that he qualifies for the CAP EX Plan 1 effective January 16, 2012 and CAP Ex Plan 2 referenced above

c. In order to receive CAP EX Plan.2 benefits, the CEO must remain employed with KHS until June 30, 2022 (agreement termination date).”

“d. If Executive is terminated pursuant to *section 27.Termination*, Executive shall forfeit all rights and benefits under AP EX Plan 2 and shall not be eligible for any CAP Ex Plan.2 benefits.

e. The Executive is considered fully vested in CAP EX Plan.1 effective January 16, 2020 and shall be considered fully vested in CAP EX Plan.2 in the event of his permanent disability, death, or involuntary termination (as defined under this employment agreement) which occurs prior to the end of the CAP EX Plan.2 vesting period .”

f. Executive shall be paid from the CAP EX Plan.1 a projected annual retirement income of \$34, 935.00 per year for (16) years. Executive shall be paid from the CAP EX Plan. 2 an additional projected annual retirement income of \$27,114.00 per year for (16) years.

3. Section 4.1.3 (g) is added:

“g. Executive’s estate shall be entitled to any remaining death benefit after applying all amounts owed to KHS following the death of Executive or Executive’s spouse whichever occurs last.”

4. All capitalized terms used in the Agreement and not otherwise defined, shall have the meaning ascribed thereto in the Agreement.

5. This Amendment shall be governed by and construed in accordance with the laws of the state of California.

6. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

7. Except as provided herein, all other terms, conditions, and covenants of the Agreement and any and all amendments thereto shall remain in full force and effect.

[Signatures follow on next page]

IN WITNESS TO THE FOREGOING, the parties have entered into this Amendment No. 10 as of the day and year first written above.

KERN HEALTH SYSTEMS

EXECUTIVE

By _____
Tim McGlew, Chairman
Board of Directors

By _____
Douglas A. Hayward

APPROVED AS TO FORM:

By _____
Gurujodha S. Khalsa, Chief Deputy
Counsel for Kern Health System



To: KHS Board of Directors

From: Douglas A. Hayward, CEO

Date: December 12, 2019

Re: 2020 Marketing Plan and Advertising Campaign

Background

The objective of our 2020 Marketing Plan is to remain the Health Plan of choice for the low income population of Kern County.

Our Marketing Goals in 2020 are:

1. Member Retention (at 2019 current membership level approximating 257,000 enrollees)
2. Member Growth (approximating 4,400 new enrollees)
3. Continued outreach to expanded enrollment gateway through KFHC safety-net providers, Community Based Organizations and the Kern County Department of Human Services
4. Retain current member voluntary health plan selection rate of 85% of eligible Medi-Cal beneficiaries selecting KFHC over Health Net
5. Maintain 80% Medi-Cal managed care market share.

The enclosed PowerPoint presentation covers historical advertising campaign strategies and resulting enrollment stemming from these campaigns, the vision for our new advertising campaign and key areas KHS's Marketing Department will undertake or become involved with if we are to achieve our 2020 Marketing Goals.

The new Advertising Campaign will be targeted to stand on the foundation of the positive brand and image the organization has built over the last 25 years; by reminding our members, providers and community that we will continue to meet their needs where they are, it's simply their choice.

Requested Action

Receive and File.



2020 Marketing Plan and Advertising Campaign

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



Marketing Objective

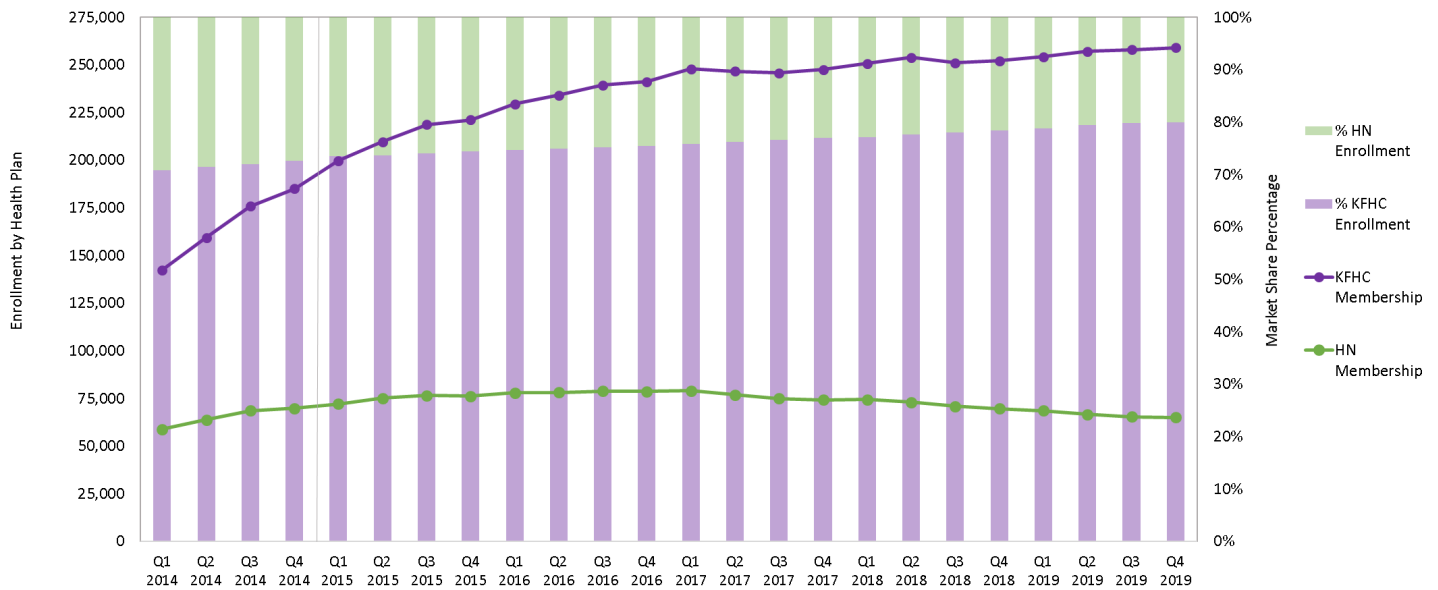
Remain the Health Plan of choice for the low income population of Kern County

Demonstrated through:

- ❖ Kern Family Health Care serves one of four Kern County citizens
- ❖ Kern Family Health Care is the largest health plan in Kern County with enrollment of over 257,000 members

Enrollment Performance

Medi-Cal Managed Care Enrollment
Kern County
between 2014 - 2019

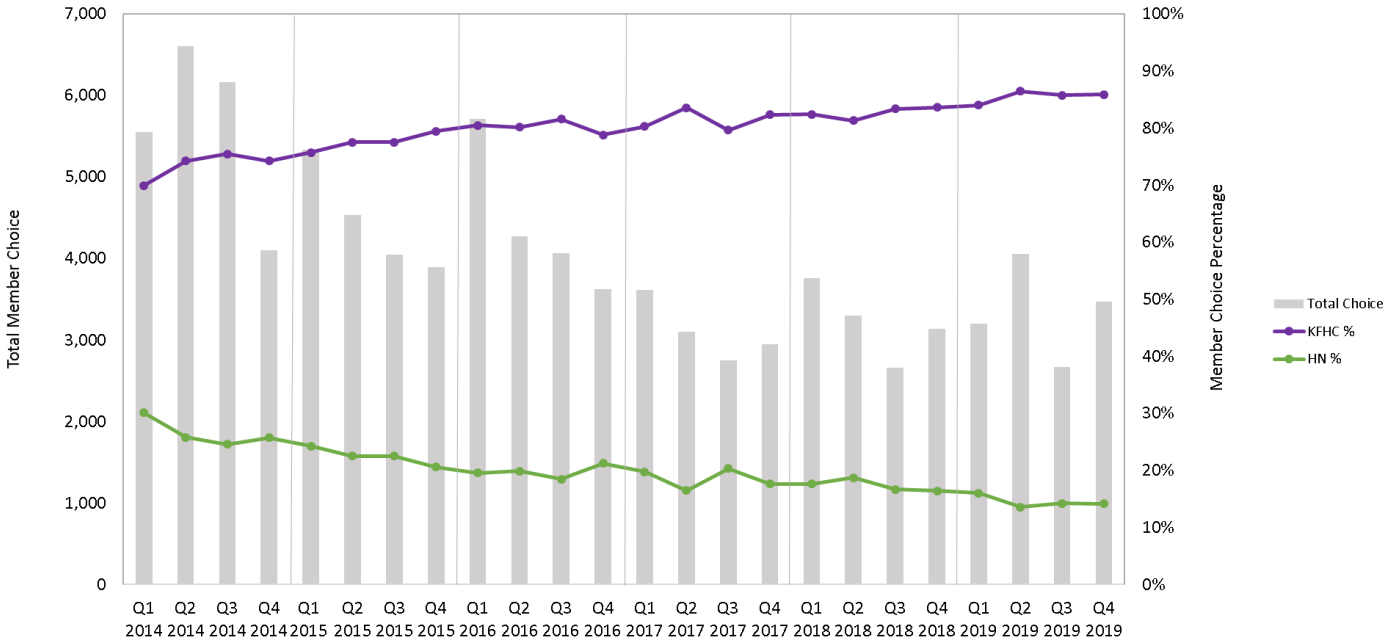


4 of every 5 Medi-Cal managed care enrollees are KFHC members



Enrollment Performance

Percentage of Members Who Chose a Health Plan
KFHC vs. HN
between 2014-2019



Of members who choose a plan, 85% choose KFHC



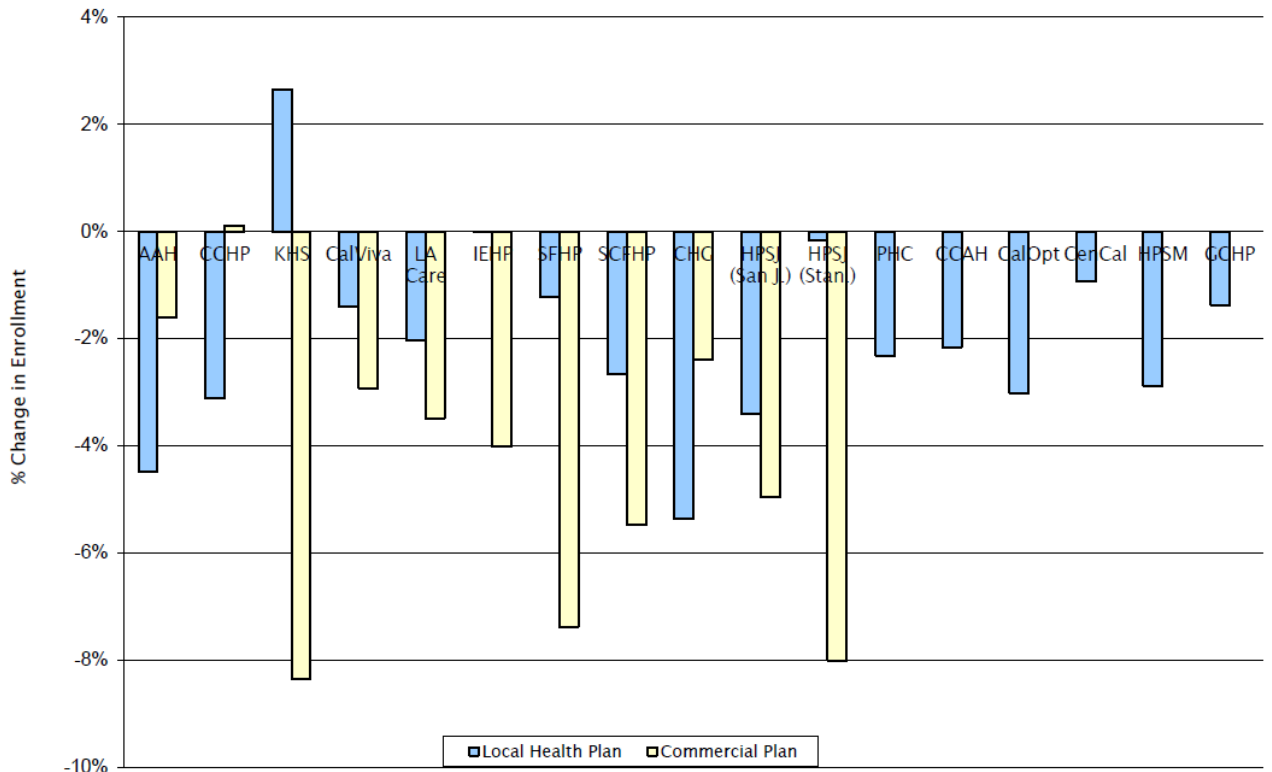


Enrollment Performance

Local Health Plans of California

Through October 2019

Change in Medi-Cal Enrollment
% Increase/Decrease
November 2018 - October 2019



While most Medi-Cal plans are experiencing enrollment decreases, KFHC enrollment continues to increase.



2020 Enrollment Projections

- Estimated growth to occur in the 0-19 year old age groups (primarily newborns)
- Medi-Cal is expanding to cover the 19-26 year old undocumented adults



2020 Marketing Plan

Five Marketing Goals in 2020:

1. Member Retention (at 2019 current membership level approximating 257,000 enrollees)
2. Member Growth (approximating 4,400 new enrollees)
3. Continued outreach to expanded enrollment gateway through safety-net providers, CBOs and KCDHS
4. Retain current member voluntary health plan selection rate of 85% of eligible Medi-Cal beneficiaries selecting KFHC over Health Net
5. Maintain 80% Medi-Cal managed care market share



Timeline of KFHC Advertising Campaigns

2013-14	2015-16	2018-19	2020-22
Launched New Branding Image Campaign	Build Integrity and Credibility for Growth & Retention –Testimonial Campaign	Build Legacy & Sustainability for Growth & Retention	Staying in the Mind of Member as We Approach 25 Years of Service to the Community

2013/14

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

2015/16

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

2018/19

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

2020/22

- Keep the KFHC brand in the mind of our members and potential members. Remind them of our core roots as to; who we are, what we do and where we are (local).



New Advertising Campaign Vision

- Protect KFHC's positive reputation/brand among our constituents (providers, members and community)
- Reinforce our brand of being a local, responsive and caring health plan
- Emphasize our Kern County roots...as an organization that provides health care benefits and programs specific to the needs and circumstances of Kern County's Medi-Cal population
- Leverage our 25 year foundation and commitment to our community

Key Areas of Involvement for Achieving our 2020 Marketing Goals



Area 1. Utilize current legacy Advertising Campaign Q1 and Q2 2020. Creation and development of our Advertising Campaign for 2021 and 2022.

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

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

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

Area 5. Continue our Public Relation's effort (including Press Releases and monthly employee newsletter) promoting community involvement, provider alliances, and other KHS and KFHC achievements occurring throughout 2020.

Timeline for 2020 Marketing Plan



	Q1	Q2	Q3	Q4
Advertising	<ul style="list-style-type: none">• Continue Legacy Campaign• Develop New Campaign Strategy	<ul style="list-style-type: none">• Continue Legacy Campaign• Complete New Campaign Strategy• Select New Campaign Production Partner	<ul style="list-style-type: none">• Preproduction of New Campaign	<ul style="list-style-type: none">• Production of New Campaign• Postproduction of New Campaign
Community Outreach	<ul style="list-style-type: none">• 16 Event Sponsorships• Participation in 10 Events• Open KHS Community Grants	<ul style="list-style-type: none">• 16 Event Sponsorships• Participation in 10 Events• Award 40 KHS Community Grants	<ul style="list-style-type: none">• 16 Event Sponsorships• Participation in 10 Events	<ul style="list-style-type: none">• 16 Event Sponsorships• Participation in 10 Events• Celebrate 5th Anniversary of KHS Community Grants Program



To: KHS Board of Directors

From: Robert Landis, CFO

Date: December 12, 2019

Re: Annual Renewal of the Reinsurance Policy

Background

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

Discussion

Over the last 3 years KHS reinsurance recoveries have approximated the reinsurance claim payments. For the policy years 2016, 2017, and 2018 KHS recovered approximately \$4.5 million in reinsurance claims while paying reinsurance premiums of approximately \$4.6 million. **These 3 years represent a 98% ratio of recoveries to expense.**

Based on information through November 1, 2019, KHS has requested approximately \$120,000 in recoveries against approximately \$1.5 million in premiums paid. **This represents an overall cumulative 74% ratio for all periods.** We have until December 31, 2020 to turn in claims for the 2019 policy period. Accordingly, continuing with the reinsurance program is still warranted.

The current 2019 Reinsurance Policy is with Optum and has a deductible of \$275,000, a blended rate of \$.51 pmpm and an aggregate deductible of \$.26 pmpm with an estimated total exposure of \$2,295,000.

Fiscal Impact

The lowest quote for renewal is with the carrier IOA Re at a blended rate of \$.33 per member with the current deductible of \$275,000 per member and a \$.31 pmpm aggregate deductible for an overall expected reinsurance cost of \$1,916,000. IOA Re was the reinsurance carrier for 2016 and was replaced by Optum for subsequent years.

KHS can lower the IOA Re premium to a blended rate of \$.29 pmpm and a \$.27 pmpm aggregate deductible by increasing the deductible to \$300,000. This would save approximately \$239,487 of reinsurance costs, but would cost KHS an additional \$25,000 per member that reaches the reinsurance deductible. The savings of \$239,487 would be lost if the members reaching the \$300,000 deductible exceeds 9 ($\$239,487 \text{ savings} / \$25,000 \text{ increase in deductible} = 9.58$ members). Based on utilization data of 9 members in 2018 and 2 members through October 31, 2019, management expects the 2020 utilization to be 9 or fewer members. Accordingly, management recommends increasing the deductible to \$300,000 and lowering the blended rate to \$.29 pmpm and lowering the aggregate deductible to \$.27 pmpm.

The 2020 Budget includes estimated reinsurance premium payments at a blended rate of \$.29 pmpm and reinsurance recoveries at a blended rate of \$.29 pmpm. Estimated fiscal dollar impact is \$876,003.

Risk Assessment

Based on the prior program years, the continued expense of the SPD population and the increasing trend in medical expenses for the longer-term enrolled Expansion members, management believes that binding coverage is warranted for 2020 and is recommending the IOA RE option at a blended rate of \$.29 pmpm and increasing the deductible to \$300,000.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.



To: KHS Board of Directors

From: Robert Landis, CFO

Date: December 12, 2019

Re: 2020 Budget

Background

The 2020 Budget supports the KHS Goals and Objectives, 2020 Annual Projects and contributes to the 2018-2021 Strategic Plan Initiatives. The size and scope of the 2020 Goals and Objectives reflect the changing medical complexity and the corresponding required changes in the provider delivery system that began in 2012 with the addition of the Seniors and Persons with Disabilities (SPD) population and continued in 2014-2017 with CBAS, Childless Adults (Affordable Care Act - Expansion) and Children with Autism.

This year there are several uncertainties impacting our 2020 Budget including:

- Increased regulatory oversight over quality of care measures, timely access and encounter data collection, along with numerous data requests by DHCS and DMHC along with an increasing amount of All Plan Letters that require increased demands on KHS.
- Increase in administrative oversight for Supplemental Payment methodologies such as Hospital Directed Payments, Proposition 56, GEMT, and HYDE along with other types of Supplemental Payment add-ons.
- Shifting more risk to health plans such as the Long Term Care Benefit and expanding the types of transplants that will be covered by health plans.
- Increased demand from providers seeking rate increases.
- Restoration of optional Medi-Cal benefits such as Podiatry, adult eyeglasses and Audiology.
- New benefits including:
 - Long Term Care (LTC), including but not limited to; skilled nursing facilities, subacute facilities, pediatric subacute facilities, and intermediate care facilities, set to be carved into KHS benefits beginning January 1, 2021.
 - Transplants, including but not limited to major organs, set to be carved into KHS benefits beginning January 1, 2021.
 - Continuous Glucose Monitors and Comprehensive Behavior Health Therapy.
- Unilateral Change by the State beginning January 1, 2021 to move the administration of the Pharmacy Benefit to the State.
- The CMS Interoperability Rule will require KHS to provide more data exchange of clinical information between the clinician and member.
- A redesign of the Business Continuity and Disaster Recovery Plans to accommodate the new building are required.

To: KHS Finance Committee
Re: 2020 Budget
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Specifically, key factors (to name a few) impacting the 2020 budget include:

- Projected growth of approximately 5,000 enrollees
- Multi-Government regulatory and organization compliance and performance responsibilities through:
 - DHCS
 - DMHC
 - CMS (Including implementation of certain sections of the Medicaid Managed Care Final Rule)
- Expansion of Health Home Program sites and integration of Physical, Mental Health and Social Determinants
- Continued Implementation of a New Medical Management Platform which includes dynamic application of evidence based medical criteria and point of service decision making
- Newly defined Managed Care Accountability Set (MCAS)-formerly HEDIS-measuring quality of preventative care benchmarks
- Redevelop Provider Pay for Performance Program to reflect new MCAS measures
- Monitoring the continuing increasing demand for Non-Emergency Medical Transportation services that include non-covered services such as carved out services, dental and opioid treatment per DHCS requirements
- Development of Provider Performance Based Alternative reimbursement arrangements
- Member Incentive Program
- Enhancing Medi-Cal Benefits initiative
- Expansion of KHS departmental dashboards for operational metric transparency
- Medi-Cal Enrollment Expansion to Cover Undocumented Adults
- New or expanded provider collaborative programs:
 - Provider Grant Program to Develop and/or Expand access to clinical services
 - Expansion of specialty care value based purchasing arrangements
 - Development of a Distributed Health Home Program (DHHP) whereby eligible PCP physicians with a significant number of HHP qualified members assigned to their practice may become part of a “decentralized network”
 - Investigate a Network Configuration Arrangement to Treat Member’s Medical, Social and Behavioral Needs
 - Developing Kern Medical Integration Health Care Concept
 - Strengthen collaboration with Kern County Mental Health and GATE team for Substance Use Disorders
 - Prepare for KHS role and responsibility in Whole Person Care Pilot Program with Kern Medical
 - Expanding access for Diabetic Clinic care at Kern Medical and with other community partners
 - Expanding the Transitional Care Program to additional hospitals with a critical mass of patients with an increase focus on the socio-economic barriers to care
 - Expanding Telehealth Specialty Care services

To: KHS Finance Committee

Re: 2020 Budget

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- Expanding the Disease Management Programs and expanding the Diabetes Prevention Program
- Implementation of COPD Early Intervention Program
- Continuing the School based Asthma Program with expansion to other community partners
- Palliative care providers collaboration with KHS Case Management team participation with Interdisciplinary Care Team meetings
- Enhancements to the Medical Management and Quality Improvement Programs
- Enhancing the Case Management Program, including homelessness outreach and care coordination efforts
- Pregnancy outreach and member engagement program to foster early pre- and postpartum care
- Investment in the Connected Community Network Unite Us platform for coordination of social determinants of health services across Kern County
- Continuance of onsite Inpatient concurrent review program
- Enhancing HEDIS or MCAS Tracking and Reporting
- Continuing with incentives to reward providers who demonstrate improved HEDIS outcomes
- Expanding Medication Therapy Management program
- Continuing with Peer to Peer evidence based medical reviews utilizing industry leader for risk management
- Converting selected provider reimbursement arrangements to value based purchasing
- Care Gradient Analysis using Predictive Modeling tool
- Demographic Morbidity Impact Study to determine areas of focus
- KHS Care Delivery Model exploration for transforming care for Primary Care Physicians and Specialists
- Automation of Facility Site Reviews with industry standard data collection and reporting tool
- Member Centric Care Project Implementation Plan to continually monitor and measure member satisfaction throughout their continuum of care
- Outcome Metrics to steer operational decision making
- Expanding School Based Wellness Program to additional schools
- Refinement of Opioid Coalition with community partnerships
- Refinement of the PCP practice profile showing utilization patterns
- Expand DME home assessments and equipment needs with specialty vendor
- Fraud, Waste, Abuse oversight expansion to foster ongoing quality improvement
- Continued monitoring of:
 - Core Claims System with an emphasis on Quality and Proficiency
 - Update the Enterprise Data Warehouse (EDW) from the current twelve year old system to include more self-service ability
 - Continue to focus on system Information Security (InfoSec) to safeguard Personal Healthcare Information (PHI)
 - New Provider/Member Portal
 - Medical Management Platform enhancements to improve functionality and efficiency

To: KHS Finance Committee

Re: 2020 Budget

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- Autism Spectrum Disorder Behavioral Health Therapy (BHT) including Behavioral Interventional Services (BIS) without Autism diagnosis
- California Children's Services Coordination of Care
- Vision Services Plan for optometric diabetic screenings
- Access to PCP and Specialty Care as well as Physician recruitment
- Hep C medication and "kick payment" program
- Kaiser Permanente Subcontract
- Program awareness of Mental Health benefit
- Hospitalist program
- Provider Recruitment Grants and results achieved from grants
- Member focused approach to ensure members' expectations are met
- Respite and Recuperative Care Program
- Housing Case Management supportive services
- Inpatient Pulmonary Rehabilitation Program

Attached are the following documents relating to the 2020 Budget:

- 1) Consolidated Operating Budget
- 2) Operating Budget by Aid Category
- 3) Enrollment Assumptions
- 4) Revenue Assumptions
- 5) Medical Expense Assumptions
- 6) Administrative Expense Assumptions
- 7) Budgeted FTE by Department
- 8) Capital Budget for 2020

Requested Action

Approve.

**KERN HEALTH SYSTEMS
P & L BY MAJOR CATEGORY OF SERVICE
2020 BUDGET**

	2020 BUDGET \$	EST. ANNUAL 2019 \$	DIFFERENCE \$	PMPM	EST. PMPM	PMPM
				2020 BUDGET 3,020,700	2019 ANNUAL 2,985,812	DIFFERENCE 34,888
REVENUE						
Capitation (excludes Prop 56 & GEMT)	680,105,443	656,611,202	23,494,241	225.15	219.91	5.24
Maternity Kick	31,076,304	30,062,514	1,013,790	10.29	10.07	0.22
Health Home Kick	15,017,927	5,866,441	9,151,486	4.97	1.96	3.01
HEP C Kick	5,649,091	5,713,889	(64,798)	1.87	1.91	(0.04)
BHT Kick	17,025,420	9,857,790	7,167,630	5.64	3.30	2.33
Prop 56	32,781,482	30,055,142	2,726,340	10.85	10.07	0.79
GEMT	5,209,317	4,738,678	470,639	1.72	1.59	0.14
Total MCAL Revenue	786,864,984	742,905,656	43,959,328	260.49	248.81	11.68
Add-Ons (Directed Provider Payments)	133,083,820	-	133,083,820	44.06	-	44.06
MCO Tax Revenue	120,828,000	118,193,430	2,634,570	40.00	39.59	0.41
Interest	4,800,000	5,965,121	(1,165,121)	1.59	2.00	(0.41)
Reinsurance	876,003	990,050	(114,047)	0.29	0.33	(0.04)
TOTAL REVENUE	1,046,452,808	868,054,257	178,398,551	346.43	290.73	55.70
MEDICAL						
Inpatient Hospital	162,271,155	161,109,762	1,161,393	53.72	53.96	(0.24)
Outpatient Facility	78,700,252	75,246,462	3,453,790	26.05	25.20	0.85
Emergency Room Facility	61,951,060	58,742,927	3,208,133	20.51	19.67	0.83
Long-Term Care Facility	11,275,540	11,710,754	(435,214)	3.73	3.92	(0.19)
Primary Physician Services	34,497,932	34,460,529	37,403	11.42	11.54	(0.12)
Health Home Capitation	4,514,610	4,399,831	114,779	1.49	1.47	0.02
Urgent Care	17,243,679	18,463,487	(1,219,808)	5.71	6.18	(0.48)
Physician Specialty	121,039,398	116,796,093	4,243,305	40.07	39.12	0.95
BHT	17,025,420	12,623,997	4,401,423	5.64	4.23	1.41
Mental Health	2,050,521	1,791,605	258,916	0.68	0.60	0.08
Vision	3,251,683	2,997,617	254,066	1.08	1.00	0.07
Other Medical Professional	13,882,937	13,304,441	578,496	4.60	4.46	0.14
Pharmacy	104,500,319	100,088,544	4,411,775	34.59	33.52	1.07
HEP C	5,649,091	5,947,739	(298,648)	1.87	1.99	(0.12)
DME	8,280,917	8,061,671	219,246	2.74	2.70	0.04
Pharmacy Rebates	(1,750,000)	(1,780,348)	30,348	(0.58)	(0.60)	0.02
Home Health and CBAS	4,676,179	4,574,959	101,220	1.55	1.53	0.02
Other- Ambulance and Non-Emergent Transportation	18,575,529	17,776,505	799,024	6.15	5.95	0.20
Pay for Performance Quality Incentive	6,041,400	5,969,952	71,448	2.00	2.00	0.00
HHP Risk Pool/Incentive	1,294,322	-	1,294,322	0.43	-	0.43
Provider Incentive Payments (Prop 56 & GEMT)	37,990,799	33,877,615	4,113,184	12.58	11.35	1.23
Add-Ons Directed Provider Payments	133,083,820	-	133,083,820	44.06	-	44.06
Reinsurance Premium	876,003	1,528,785	(652,782)	0.29	0.51	(0.22)
UM/QA Costs (including Utilization & Quality Review)	25,432,232	18,130,028	7,302,204	8.42	6.07	2.35
Total Medical Costs	872,354,797	705,822,955	166,531,842	288.79	236.39	52.40
GROSS PROFIT/(LOSS)	174,098,011	162,231,302	11,866,708	57.63	54.33	3.30
ADMINISTRATIVE	52,006,675	43,305,524	8,701,151	17.22	14.50	2.71
NET PROFIT/(LOSS) BEFORE MCO TAX	122,091,336	118,925,778	3,165,557	40.42	39.83	0.59
MCO TAX EXPENSE	120,828,000	117,975,299	2,852,701	40.00	39.51	0.49
NET PROFIT/(LOSS) AFTER MCO TAX	1,263,336	950,479	312,856	0.42	0.32	0.10
HEALTH HOME PROGRAM GRANTS	6,093,109	2,974,194				
PROVIDER RECRUITMENT AND RETENTION GRANTS	4,000,000	-				
NET PROFIT/(LOSS) AFTER GRANT EXPENSE	(8,829,774)	(2,023,715) (1) (2)				
MEDICAL LOSS RATIO (EXCLUDING MCO TAX, GRANTS AND DIRECTED PAYMENTS)	93.28%	94.13%				
ADMIN RATIO (EXCLUDING MCO TAX, GRANTS AND DIRECTED PAYMENTS)	6.56%	5.78%				

(1) 2019 has been adjusted for approximately \$13 million of favorable prior period adjustments plus \$2.2 million for the sale of 9700 Stockdale.

(2) 2019 Annual is estimated using August Financials to complete the year, 2019 Budget, and other adjustments due to timing differences and other updated current information

**KERN HEALTH SYSTEMS
P & L BY MAJOR CATEGORY OF SERVICE
2020 BUDGET**

	ALL COAs		FAMILY & OTHER		SPD		EXPANSION	
	\$	3,020,700	\$	2,110,860	\$	176,760	\$	733,080
REVENUE								
Capitation	680,105,443	225.15	267,769,548	126.85	157,783,046	892.64	254,552,849	347.24
Maternity Kick	31,076,304	10.29	28,506,035	13.50	-	-	2,570,269	3.51
Health Home Cap	15,017,927	4.97	3,778,335	1.79	4,999,615	28.28	6,239,977	8.51
HEP C Kick	5,649,091	1.87	878,748	0.42	1,129,818	6.39	3,640,525	4.97
BHT Kick	17,025,420	5.64	7,199,254	3.41	9,826,166	55.59	-	-
Prop 56	32,781,482	10.85	20,484,303	9.70	3,390,257	19.18	8,906,922	12.15
Prop 56	5,209,317	1.72	1,887,197	0.89	1,486,552	8.41	1,835,568	2.50
GEMT	786,864,984	260.49	330,503,420	156.57	178,615,454	1,010.50	277,746,111	378.88
Total MCAL Revenue	133,083,820	44.06	45,044,841	21.34	22,897,490	129.54	65,141,489	88.86
MCO Tax Revenue	120,828,000	40.00	84,434,400	40.00	7,070,400	40.00	29,323,200	40.00
Interest	4,800,000	1.59	4,800,000	2.27	-	-	-	-
Reinsurance	876,003	0.29	364,417	0.17	205,861	1.16	305,725	0.42
TOTAL REVENUE	1,046,452,808	346.43	465,147,078	220.36	208,789,205	1,181.20	372,516,525	508.15
MEDICAL								
Inpatient Hospital	162,271,155	53.72	67,319,556	31.89	39,075,772	221.07	55,875,827	76.22
Outpatient Facility	78,700,252	26.05	28,054,061	13.29	17,807,880	100.75	32,838,310	44.79
Health Home Capitation	4,514,610	1.49	1,135,823	0.54	1,502,958	8.50	1,875,829	2.56
Emergency Room Facility	61,951,060	20.51	38,274,554	18.13	7,037,522	39.81	16,638,984	22.70
Long-Term Care Facility	11,275,540	3.73	2,119,085	1.00	6,294,824	35.61	2,861,631	3.90
Primary Physician Services	34,497,932	11.42	23,210,487	11.00	2,699,104	15.27	8,588,341	11.72
Urgent Care	17,243,679	5.71	12,797,166	6.06	1,028,754	5.83	3,417,759	4.66
Physician Specialty	121,039,398	40.07	53,048,646	25.13	21,537,612	121.85	46,453,139	63.37
BHT	17,025,420	5.64	7,199,254	3.41	9,826,166	55.59	-	-
Mental Health	2,050,521	0.68	617,178	0.29	915,664	5.18	517,679	0.71
VSP	13,882,997	4.60	5,386,398	2.55	2,678,039	15.15	5,818,500	7.94
Other Medical Professional	104,500,319	34.59	34,177,703	16.19	26,517,443	150.02	43,805,174	59.75
Pharmacy	5,649,091	1.87	878,748	0.42	1,129,818	6.39	3,640,525	4.97
HEP C	8,280,917	2.74	2,640,440	1.25	3,696,508	20.91	1,943,969	2.65
DME	(1,750,000)	(0.58)	(143,515)	(0.07)	(563,477)	(3.19)	(1,043,008)	(1.42)
Pharmacy Rebates	4,676,179	1.55	1,423,293	0.67	2,310,971	13.07	941,915	1.28
Home Health and CBAS	18,575,529	6.15	8,012,012	3.80	5,031,559	28.47	5,531,959	7.55
Other- Ambulance and Non-Emergent Transportation	6,041,400	2.00	4,221,720	2.00	353,520	2.00	1,466,160	2.00
Pay for Performance Quality Incentive	1,294,323	0.43	325,636	0.15	430,892	2.44	537,793	0.73
HHP Risk Pool/Incentive	37,990,799	12.58	22,371,500	10.60	4,876,808	27.59	10,742,490	14.65
Directed Provider Payments	133,083,820	44.06	45,044,841	21.34	22,897,490	129.54	65,141,489	88.86
Reinsurance Premium	876,003	0.29	364,417	0.17	205,861	1.16	305,725	0.42
UM/QA Costs (including Utilization & Quality Review)	25,432,232	8.42	10,462,247	4.96	5,901,600	33.39	9,068,385	12.37
Total Medical Costs	872,354,797	288.79	370,306,697	175.43	183,943,910	1,040.64	318,104,191	433.93
GROSS PROFIT/(LOSS)	174,098,011	57.63	94,840,381	44.93	24,845,295	140.56	54,412,334	74.22
ADMINISTRATIVE	52,006,675	17.22	21,398,677	10.14	12,065,537	68.26	18,542,461	25.29
NET PROFIT/(LOSS) BEFORE MCO TAX	122,091,336	40.42	73,441,705	34.79	12,779,758	72.30	35,869,873	48.93
MCO TAX EXPENSE	120,828,000	40.00	84,434,400	40.00	7,070,400	40.00	29,323,200	40.00
NET PROFIT/(LOSS) AFTER MCO TAX	1,263,336	0.42	(10,992,695)	(5.21)	5,709,358	32.30	6,546,673	8.93
MEDICAL LOSS RATIO (EXCLUDING MCO TAX)	93.28%		96.90%		90.06%		90.98%	
ADMIN RATIO (EXCLUDING MCO TAX)	6.56%		6.37%		6.75%		6.67%	

**KERN HEALTH SYSTEMS
BUDGETED MEMBER MONTHS
CY 2020**

MEDI-CAL		<i>Increase/ Amt</i>	JAN'20	FEB'20	MAR'20	APR'20	MAY'20	JUN'20	JUL'20	AUG'20	SEP'20	OCT'20	NOV'20	DEC'20	CY 2020
I9 & OVER	0		43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	525,600
UNDER I9	400		123,700	124,100	124,500	124,900	125,300	125,700	126,100	126,500	126,900	127,300	127,700	128,100	1,510,800
SPDS	0		14,730	14,730	14,730	14,730	14,730	14,730	14,730	14,730	14,730	14,730	14,730	14,730	176,760
TOTAL OTHER	0		6,205	6,205	6,205	6,205	6,205	6,205	6,205	6,205	6,205	6,205	6,205	6,205	74,460
-Blind/Disabled Dual	0		3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	42,960
-Aged Dual	0		2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	31,200
-BCCTP	0		25	25	25	25	25	25	25	25	25	25	25	25	300
MEDI-CAL EXPANSION	0		60,680	60,680	60,680	60,680	60,680	60,680	60,680	60,680	60,680	60,680	60,680	60,680	728,160
-Expansion Dual	0		390	390	390	390	390	390	390	390	390	390	390	390	4,680
-Expansion Partial Dual	0		20	20	20	20	20	20	20	20	20	20	20	20	240
TOTAL MEDI-CAL	400		249,525	249,925	250,325	250,725	251,125	251,525	251,925	252,325	252,725	253,125	253,525	253,925	3,020,700
Kaiser Membership	0		8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	8,660	103,920
TOTAL COMBINED	400		258,185	258,585	258,985	259,385	259,785	260,185	260,585	260,985	261,385	261,785	262,185	262,585	3,124,620

**KERN HEALTH SYSTEMS
MEDI-CAL
2020 REVENUE BUDGET**

ENROLLMENT	
Family and Other	2,110,860
SPD Members	176,760
MCAL Expansion	733,080
SUBTOTAL MEMBERS	3,020,700
Kaiser	
Total Members - MCAL	3,020,700

2,110,860
176,760
733,080
3,020,700
3,020,700

REVENUES	
Title XIX - Medicaid Adult & Child	156.57
Title XIX - Medicaid Seniors & Persons w/Disabilities	1,010.50
Title XIX - Medicaid Expansion	378.88
SUBTOTAL PREMIUM REVENUE	260.49
DIRECTED PAYMENT REVENUE	44.06
Title XIX - Medicaid - MCO TAX	40.00
TOTAL MEDICAID REVENUE	344.55
Interest /Dividends	1.59
Reinsurance Recoveries	0.29
TOTAL REVENUES	346.43

PMPM	\$
156.57	330,503,420
1,010.50	178,615,454
378.88	277,746,111
260.49 (1-7)	786,864,984
44.06 (8)	133,083,820
40.00 (11)	120,828,000
344.55	1,040,776,805
1.59 (9)	4,800,000
0.29 (10)	876,003
346.43	1,046,452,808

REVENUE ASSUMPTIONS

- 1) PREMIUM REVENUE IS BASED ON PRELIMINARY RATES PROVIDED BY DHCS (JANUARY-DECEMBER) ON SEPTEMBER 13, 2019.
- 2) MATERNITY KICK REVENUE INCLUDED IN PREMIUM REVENUE INCLUDES A MONTHLY DELIVERY ASSUMPTION OF 400 DELIVERIES PER MONTH AND IS BASED ON ASSUMED NEW BORN IN MEMBERSHIP INCREASE.
- 3) HEALTH HOME PROGRAM REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON PRELIMINARY RATES RECEIVED ON JUNE 25, 2019 FOR THE JANUARY - JUNE 2020 PERIOD AND THE JULY-DECEMBER 2020 PERIOD. TOTAL MEMBER MONTHS FOR 2020 IS ASSUMED AT 31,691 NON-DUAL AND 4,345 DUAL MEMBER MONTHS.
- 4) HEP C KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 540 MEMBER MONTHS OF TREATMENT AT 19/20 NON 340B RATES RECEIVED 6/25/2019 AND ASSUMES A DECREASE IN UTILIZATION FROM 2019. REVENUE IS BUDGETED TO OFFSET EXPENSE.
- 5) BHT KICK REVENUE INCLUDED IN PREMIUM REVENUE IS BASED ON 5,172 UTILIZER MONTHS OF TREATMENT AT \$3,857 PER MONTH FOR 0-6 YEAR OLDS AND \$2,765 FOR 7-20 YEAR OLDS IN ACCORDANCE WITH 19/20 RATES RECEIVED ON JUNE 13, 2019. REVENUE AND EXPENSE ARE ASSUMED TO BE BUDGET NEUTRAL.
- 6) PROP 56 ADD-ON REVENUE IS BUDGETED WITH 18/19 RATES AS A PLACEHOLDER. REVENUE AND EXPENSE ARE ASSUMED TO BE BUDGET NEUTRAL.
- 7) GEMT ADD-ON REVENUE IS BUDGETED WITH 18/19 RATES AS A PLACHOLDER. REVENUE AND EXPENSE ARE ASSUMED TO BE BUDGET NEUTRAL.
- 8) DIRECTED PAYMENT ADD-ON REVENUE INCLUDING PHDP, EPP, AND QIP IS BUDGETED WITH 18/19 RATES AS A PLACEHOLDER. REVENUE AND EXPENSE ARE ASSUMED TO BE BUDGET NEUTRAL.
- 9) INTEREST REVENUE IS BASED ON ACTUAL INVESTMENT REVENUE AND ASSUMES SIMILAR PRINCIPAL BALANCES AVAILABLE FOR INVESTMENT AND CURRENT INTEREST RATES. POTENTIAL UNKNOWN GAINS OR LOSSES ARE NOT INCLUDED.
- 10) REINSURANCE RECOVERIES ARE ASSUMED AT 100% OF PREMIUM.
- 11) MCO TAX REVENUE IS BASED ON ESTIMATED PMPM RATES OF \$40.00 IS AN ESTIMATE RECEIVED FROM CAHP MCO TAX WORKGROUP.

**KERN HEALTH SYSTEMS
2020 MEDICAL BUDGET
UTILIZATION AND UNIT COST ASSUMPTIONS
(BASED ON PAID CLAIMS COST HISTORY AUGUST, 2019)**

FAMILY & OTHER

	Annualized Increase	
	Unit Cost	Utilization
Inpatient Hospital	3.00%	2.00%
Outpatient Facility	2.00%	1.00%
Emergency Room	3.00%	1.00%
Long Term Care	3.00%	3.00%
Urgent Care	-8.00%	3.00%
Physician Primary Care & Urgent Care	1.00%	1.00%
Physician Specialty	1.00%	1.00%
Other Medical Professional	1.00%	3.00%
Mental Health	1.00%	3.00%
Pharmacy	4.00%	1.00%
Laboratory and Radiology	1.00%	1.00%
Home and Community Based Services	3.00%	5.00%
Other, Ambulance, and Non-Emergency Medical Transportation	5.00%	5.00%

SENIORS & PERSONS WITH DISABILITIES (SPD)

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

EXPANSION

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

Note: Percentage increases are rounded to the nearest whole percentage.

2020 ADMINISTRATIVE BUDGET ASSUMPTIONS

KERN HEALTH SYSTEMS MEDI-CAL ADMINISTRATIVE EXPENSES	2020 BUDGET		2019 ESTIMATED		DIFFERENCE	
	PMPM	\$	PMPM	\$	PMPM	\$
Administrative:						
Compensation	10.61	32,037,317	9.05	27,007,261	1.56	5,030,056
Purchased Services	3.42	10,334,297	2.92	8,711,249	0.50	1,623,048
Supplies	0.47	1,430,519	0.32	966,612	0.15	463,907
Depreciation	1.33	4,002,500	0.87	2,588,682	0.46	1,413,818
Other Administrative Expenses	1.39	4,202,042	1.35	4,031,720	0.04	170,322
Total Administrative Expenses	17.22	\$ 52,006,675	14.50	\$ 43,305,524	2.71	\$ 8,701,151
Member Months		3,020,700		2,985,812		34,888

COMPENSATION

COMPENSATION EXPENSE WAS BASED ON STAFFING LEVELS NEEDED FOR THE GRADUAL ENROLLMENT OF 3,020,700 MEMBER MONTHS.

- 1.) THE 2020 BUDGETED COMPENSATION AMOUNT INCLUDES AN INCREASE OF APPROXIMATELY \$1,400,000 FOR EXPECTED SALARY INCREASES INCLUDING PROMOTIONS, COST OF LIVING INCREASES AND AVERAGE MERIT INCREASE ADJUSTMENTS OF 4.0% FOR EMPLOYEES THAT WORKED A FULL YEAR IN 2019.
- 2.) THE 2020 EXPENSE INCLUDES AN INCREASE OF APPROXIMATELY \$400,000 OVER 2019 FOR A FULL YEAR OF SALARY EXPENSE FOR NEW POSITIONS ADDED DURING 2019.
- 3.) THERE ARE 10 NEW ADMINISTRATIVE POSITIONS INCLUDED IN 2020 FOR AN ESTIMATED INCREASE OF APPROXIMATELY \$900,000 IN ANNUAL SALARY EXPENSE.
- 4.) THE 2020 EXPENSE INCLUDES AN INCREASE OF APPROXIMATELY \$1,000,000 FROM ESTIMATED 2019 EXPENSE DUE TO HIGHER THAN EXPECTED VACANCIES AND TURNOVER EXPERIENCED IN 2019.
- 5.) THE 2020 EXPENSE INCLUDES AN INCREASE OF APPROXIMATELY \$1,200,000 FROM ESTIMATED 2019 EXPENSE DUE TO ESTIMATED INCREASES IN PAYROLL TAXES AND BENEFIT RATES, INCLUDING CALPERS AND EMPLOYER RETIREMENT CONTRIBUTIONS.

PURCHASED SERVICES

- 6.) THE 2020 BUDGET INCLUDES AN EXPECTED INCREASE OF APPROXIMATELY \$1,600,000 FOR ANNUAL SYSTEM LICENSE EXPENSE PRIMARILY DUE TO THE MEDICAL MANAGEMENT PLATFORM AND THE ENHANCED APR/DRG CLAIMS GROUPER SOFTWARE BEING FULLY IMPLEMENTED. IN 2019 LICENSE AND MAINTENANCE EXPENSES ASSOCIATED WITH THE MEDICAL MANAGEMENT PLATFORM WERE CAPITALIZED AS PART OF THE COMPLETION OF THE FINAL PHASE. IN 2019 MOST OF THE EXPENSES RELATED TO THE ANNUAL LICENSE OF THE GROUPER WERE ALSO CAPITALIZED.

SUPPLIES

- 7.) THE 2020 BUDGET INCLUDES AN INCREASE OF APPROXIMATELY \$500,000 OVER THE PROJECTED 2019 SPEND FOR SUCH SUPPLIES AS LETTERHEAD, ENVELOPES, OFFICE EQUIPMENT PURCHASES, AND SUPPLIES RELATED TO MEMBER MAILINGS INCLUDING POSTAGE.

DEPRECIATION

- 8.) THE 2020 DEPRECIATION EXPENSE IS EXPECTED TO INCREASE DUE TO A FULL YEAR OF EXPENSE FOR CAPITALIZED ASSETS COMPLETED AND PUT INTO PRODUCTION IN 2019, INCLUDING THE CONSTRUCTION OF THE NEW BUILDING.

OTHER ADMINISTRATIVE EXPENSES

- 9.) THE 2020 BUDGETED EXPENSE FOR OTHER ADMINISTRATIVE EXPENSES REFLECTS INCREASES IN PROPERTY INSURANCE PREMIUMS, REGULATORY LICENSE FEES, EMPLOYEE TRAINING COSTS, AND EMPLOYEE RECRUITMENT EXPENSE.

KERN HEALTH SYSTEMS

2020 BUDGETED FTE BY DEPARTMENT

EXPECTED MEMBERSHIP		249,525	249,925	250,325	250,725	251,125	251,525	251,925	252,325	252,725	253,125	253,525	253,925	3,020,700		
CC	DEPARTMENT	PROJECTED DECEMBER 2019	JAN 2020	FEB 2020	MARCH 2020	APRIL 2020	MAY 2020	JUNE 2020	JULY 2020	AUGUST 2020	SEPT 2020	OCT 2020	NOV 2020	DEC 2020	TOTAL 2020	TOTAL 2020 FTE ADDITIONS
110	EXECUTIVE	5	1	-	-	-	-	-	-	-	-	-	-	-	6	1
210	FINANCE	15	-	-	-	-	-	-	-	-	-	-	-	-	15	-
220	INFORMATION TECHNOLOGY	17	2	-	-	-	-	-	-	-	-	-	-	-	19	2
221	BUSINESS INTELLIGENCE	17	-	-	-	-	-	-	-	-	-	-	-	-	17	-
222	MIS DEVELOPMENT	17	-	-	-	-	-	-	-	-	-	-	-	-	17	-
230	CLAIMS	57	2	-	-	-	-	-	-	-	-	-	-	-	59	2
240	PROJECT MANAGEMENT	9	-	-	-	-	-	-	-	-	-	-	-	-	9	-
310	I/M	61	-	-	-	1	-	-	-	-	-	-	-	-	62	1
314	HEALTH HOME	10	8	-	2	-	-	-	-	-	-	-	-	-	20	10
315	CASE MANAGEMENT	25	-	-	-	-	-	-	-	-	-	-	-	-	25	-
311	QI	14	4	-	-	-	-	-	-	-	-	-	-	-	18	4
312	HEALTH ED	11	1	-	-	-	-	-	-	-	-	-	-	-	12	1
313	PHARMACY	11	-	-	-	-	-	-	-	-	-	-	-	-	11	-
616	DISEASE MANAGEMENT	9	-	-	-	-	-	-	-	-	-	-	-	-	9	-
320	PROVIDER NETWORK MANAGEMENT	25	3	-	-	-	-	-	-	-	-	-	-	-	28	3
330	MEMBER SERVICES/ENGAGEMENT	82	1	-	-	-	-	-	-	-	-	-	-	-	83	1
340	CORPORATE SERVICES	7	1	-	-	-	-	-	-	-	-	-	-	-	8	1
360	COMPLIANCE	6	-	-	-	-	-	-	-	-	-	-	-	-	6	-
420	MARKETING	5	-	-	-	-	-	-	-	-	-	-	-	-	5	-
510	HR	13	-	-	-	-	-	-	-	-	-	-	-	-	13	-
TOTAL		416	23	0	2	1	0	0	0	0	0	0	0	0	442	26

The KHS CEO met with each department to go over all departmental budgets and staffing requirements. The 2020 Budget has additional staffing requirements of twenty-six (26) net new FTEs due to implementing the 2020 projects required to meet the 2020 Strategic Goals and Objectives, continuing growth and complexities in our technology requirements, and the more complex populations that are being assigned to Managed Care Plans in California.

Staffing changes are required for the following departments:

- Executive Department requires 1 FTE to broaden its service capacity to accommodate new aid categories, specialty care populations (e.g. HHP, Palliative Care, CBAS) and expanded benefits (e.g. Autism, Mental Health and Transportation). This trend will continue over the next three years leaving KHS with an even bigger footprint in the MediCal Program. Long Term Care and Organ Transplants will be provided by KHS beginning 2021. A new waiver program called CalAIM will start in 2021 representing the most ambitious reform of MediCal since the Affordable Care Act in 2014. This new waiver includes 8 core initiatives with immediate demands and implications for KHS impacting enrollment, quality, population health management, enhanced coverage to dual eligible (MA and MC) members and MCAL rate reform. For KHS's part, changes will involve every aspect of the health plan (human resources, technology and business processing and reporting) warranting a significant investment in preparation and launch. Currently the Government Relations and Strategic Development role is being performed by the Project Management Director. Given the size and scope of activity soon to be undertaken, KHS will need to separate the Government Relations and Strategic Development role so that we may adequately prepare for this onslaught of new responsibilities. Beginning 2020, a new position will be created separating Government Relations and Strategic Development from Project Management. Reporting to the Chief Executive Officer, this new position is responsible for government affairs, working with Management in advocacy efforts with State and National legislators and coordinating with Trade Associations and other stakeholders on policy or regulation that impacts KHS. Also, this position will manage the planning, development, and work with internal KHS teams on implementation of new business opportunities.
- Information Technology requires 2 FTEs to keep up with demand for more sophisticated information reporting and performance requirements on Medi-Cal health plans from DHCS, DMHC and NCQAA. One FTE is required in Network Administration to support the robust KHS Network and the Call Center needs for system changes; One FTE is required in helpdesk to assist with the volume increase due to new systems and end user support.
- Claims Department requires 2 FTEs to implement necessary activities and responsibilities to meet the demand of growing DHCS Encounter Standards. DHCS expanded standards for Encounter submissions which must be met in 2020 to receive credit for the encounters in our Rate Development Template submissions and to avoid sanctions and penalties. This function is a new responsibility for the Claims Department.
(Necessary to fulfill DHCS performance standards and service requirements in 2020)

- Utilization Management requires 1 FTE to meet the increased demand for review of claims and for claim disputes for medical necessity. This FTE would complete the clinical review of member appeals as part of the grievance and appeal process which averages 50 cases per month. Additionally, the FTE would be utilized for medical necessity auditing when needed for utilization appropriateness.
- Health Homes requires 10 new FTEs for budget year 2020. According to the DHCS regulations and KHS' ongoing efforts to expand the health homes program services, there is a need to increase member enrollment for this program as well as clinic sites. For this year, we are planning on implementing 3-5 community provider HHP sites. The Health homes program will need 1 Supervisor to manage an additional 9 full time staff that will be stationed out at community provider offices. This will require more intense supervision of staff. The program currently does not have a supervisor that can accommodate the responsibility of an additional 9 staff.

The Health Homes Program will require 5 Advocates that will be Certified Medical Assistants that will be located at each Health Homes Program site to distribute and track all member incentives, oversee the completion of Health Action Plan, monitor daily activity ensuring claims submission, daily review of internal reports from KHS to make sure appropriate staff members are aware of a member's status (Inpatient, Discharged, ER, UC) and various other duties. The HHP Advocate will play a key role in member engagement and maximize participation in the program. The Health Homes Program will also need 4 Care Coordinators that will be responsible for the HHP services for the Distributive Model Health Home Programs. The care coordination member ratio outlined by the State's Health Home Program requires a 1:60 ratio. The Care Coordinators will start with a slightly higher ratio and will be responsible for the clinical and social services coordination at provider offices identified for an HHP site. They will also assist with outreach, enrollment, member incentives and G-Code encounters.

(Necessary to fulfill DHCS requirements in 2020)

- Quality Improvement requires 4 FTEs. Three are Nursing Facility Site Reviewers and one is in a Manager Role. DHCS has changed the Facility Site Review (FSR) audit and process. The changes they have made will take 2 ½ - 3 times longer than the current process. This has been validated internally by trying the new tool and discussions with other health plans. The changes have been initiated by DHCS and will be fully in place by July 1, 2020. The implementation by DHCS is progressive and will continue to increase between now and the full implementation date. Currently, we have 4 nurses doing FSRs. We are implementing a software program that will provide some automation of the audit process and reduce the need for additional new FTEs by approximately 1/3. Adding 3 more nurses will put us at 7 RN FTEs for FSRs. We will evaluate if more nurses are needed as the new audit tools, requirements and processes are implemented. Currently the only layer of management in QI is the Director who is doing all management duties from supervisor level to Director. In order to support the development of a high functioning team and a department that is able to complete work required for submission to DHCS, the addition of a manager is required. In lieu of adding a supervisor, we will leverage two existing nurses to serve in lead roles.

(Necessary to fulfill DHCS requirements in 2020)

- Health Education requires 1 FTE to expand KHS' cultural and linguistic program efforts to meet the interpreting and translation service needs of a growing and diverse membership. Requests for written translations have increased by 30% and requests for in-person interpreter services have increased by 27%. This position will allow KHS to continue meeting the cultural and linguistic needs of its membership as contractually required by DHCS and strengthen its presence within the KHS provider network through onsite trainings on cultural competency and effective communication with Limited English Proficient members.

(Necessary to fulfill DHCS requirements in 2020)

- Provider Network Management requires 3 new FTEs. One Contract Manager, one Community Resources Specialist, and one Provider Relations Representative - Projects. The Contract Manager will provide assistance in the overall provider contracting process. Since 2019, there are several new pass-through funding sources that will need to be incorporated into the overall provider compensation structure for par and non-par providers. Pass-through funding sources include: Intergovernmental Transfer (IGT), Proposition 56, GEMT, HYDE, potential Prop56 conversion into Alternative Payment Methodologies (APM), Pay for Performance (P4P), and Hospital Directed Payments (HDP) and will be responsible for reporting on the fiscal impact during contract negotiations. This is a crucial item prior to utilizing reports for analytics that will have an impact on a decision. The Contracts Manger will attend meetings to become familiar with the back end operations of a contract and assist with provider claims communication, as well as assist with restructuring a contract term.

The Community Resources Specialist will work closely with the Community Resources Manager to assist in the development and implementation of the new Community Resources Program (CRP), a collaborative with community resource leaders, public agencies, social services employees, local government agencies, providers, and staff to provide available community resources to KHS members. The Community Resources Specialist will conduct program analysis, identify community resources needed to compliment case management efforts provided by KHS, coordinate technical resources needed for CRP, create and maintain program tracking reports, assist in the preparation of business plans, MOU's, and financial projections.

The Provider Relations Representative – Special Projects will be responsible for assisting the PR Manger with the assigned corporate projects, currently estimated at 3 FTEs for 2020. Over the last several years, the personnel resource demand for PNM has increased to the point that 1.0 FTE is required for the assigned corporate projects work. We will utilize a temp as back up to cover the remaining FTE resource demand.

- Member Services requires 1 FTE to assist with meeting the growing demand of the DHCS regulated NEMT/NMT transportation benefit. This position will primarily focus on the overall day-to-day operations, processes and coordination of the benefit between Member Services and our contracted transportation vendor. Responsibilities would include reporting, Fraud Waste and Abuse prevention, cost control, and innovative ways to improve ride-share availability in rural communities of our membership network.
(Necessary to fulfill DHCS performance standards and service requirements in 2020).
- Corporate Services requires 1 FTE to assist with the management and maintenance of all new facilities systems that support the new building. This position will also be responsible for tracking and ensuring that KHS remains in compliance with the Department of Industrial Relations (DIR) and the California Uniform Public Construction Cost Accounting Act (CUPCCAA).

**KERN HEALTH SYSTEMS
2020 CAPITAL BUDGET**

ITEM	CORPORATE PROJECTS	QTR	QUANTITY	COST PER ITEM	TOTAL	NOTES
1	Interoperability and Patient Access Rule	1,2,3, 4	1	\$ 1,500,000	\$ 1,500,000	
2	Enterprise Data Warehouse	1,2,3, 4	1	\$ 1,252,740	\$ 1,252,740	
3	Specialty Medical Management System	1, 2,3,4	1	\$ 594,800	\$ 594,800	
4	Business Continuity and Disaster Recovery System	1,2,3,4	1	\$ 591,200	\$ 591,200	
5	Health Homes Distributive Model	1, 2,3,4	1	\$ 387,900	\$ 387,900	
6	Electronic Medical Record (EMR) Data Collection	1,2,3	1	\$ 350,000	\$ 350,000	
7	Self Service Reporting Software	1, 2,3,4	1	\$ 272,450	\$ 272,450	
8	Texting Software	1, 2,3	1	\$ 133,850	\$ 133,850	
9	Connected Community Software	1,2,3	1	\$ 130,000	\$ 130,000	
10	Managed Care Accountability Set (MCAS) Software	3,4	1	\$ 75,000	\$ 75,000	
11	Credentialing Software	1, 2	1	\$ 50,000	\$ 50,000	
12	Automated Member Display Software	1, 2	1	\$ 25,000	\$ 25,000	
CORPORATE PROJECTS SUBTOTAL					5,362,940	
<hr/>						
	OFFICE FURNITURE & EQUIPMENT	QTR	QUANTITY	COST PER ITEM	TOTAL	
13	Building Equipment and Furniture	1,2,3,3	1	\$ 343,000	\$ 343,000	
14	Cubicle Sound Masking System	1,2,3,4	2	\$ 25,000	\$ 50,000	
15	Learning and Development Media Room Equipment	1,2,3	1	\$ 22,865	\$ 22,865	
16	Copiers and Printers	1,2,3,4	2	\$ 8,500	\$ 17,000	
OFFICE FURNITURE & EQUIPMENT SUBTOTAL					\$ 432,865	
<hr/>						
	TECHNOLOGY	QTR	QUANTITY	COST PER ITEM	TOTAL	
17	Server Hardware	1,2,3,4	1	\$ 230,000	\$ 230,000	
18	Intrusion Detection/Protection Software	1,2,3,4	1	\$ 75,000	\$ 75,000	
19	Cell Phone Signal Enhancement System	1,2	8	\$ 6,500	\$ 52,000	
20	Network Hardware	1,2,3,4	2	\$ 25,000	\$ 50,000	
21	Laptop Hardware	1,2,3,4	20	\$ 2,500	\$ 50,000	
22	Human Resources Document Management Software	1,2,3,4	1	\$ 50,000	\$ 50,000	
TECHNOLOGY SUBTOTAL					\$ 507,000	
<hr/>						
TOTAL 2020 CAPITAL ITEMS					\$ 6,302,805	

2020 Capital Summary

Corporate Projects

1. Interoperability and Patient Access Rule

U.S. Department of Health and Human Services (HHS) proposed new rules to support seamless and secure access, exchange, and use of electronic health information. The rules are designed to increase choice and competition while fostering innovation that promotes patient access to and control over their health information. The proposed Office of National Coordinator rule would require that patient electronic access to this electronic health information (EHI) be made available at no cost. CMS' proposed changes to the healthcare delivery system would increase the seamless flow of health information, reduce burden on patients and providers, and foster innovation by unleashing data for researchers and innovators. KHS will need to build or buy technical infrastructure and services to accommodate the new rule.

(Budgetary Impact: \$1,500,000.)

2. Enterprise Data Warehouse

The Enterprise Data Warehouse (EDW) is the centralized repository that KHS uses to aggregate its various data feeds (i.e. Lab, Claim, Rx, Social Determinants, Immunization, etc.). The current data repository is over ten years old and will need to be modernized to continue to support the analytics and reporting of KHS. KHS leverages the EDW for almost every analytic and software application in the company. This data repository is responsible for all regulatory reporting and encounter data that is delivered to DHCS.

(Budgetary Impact: \$1,252,740.)

3. Specialty Medical Management System

KHS Medical Management is reviewing Specialty Services Management solution(s) that appropriately contains cost, offers access to the right care in the right setting, and effectively addresses member needs. Areas of focus include:

- a. Radiology-routine/advanced
- b. Cardiology-routine/advanced/invasive/implants
- c. Prosthetics
- d. Interventional pain
- e. Medical Oncology

This project will procure a delegated medical management system from a third party that will allow for integration with the KHS Provider Portal (HealthX) and the Medical Management System (JIVA) to process referrals of the stated focus areas. The outcome of the project is expected to reduce the review of specialty authorizations by 20%.

(Budgetary Impact: \$594,800.)

2020 Capital Summary

4. Business Continuity and Disaster Recovery System

KHS maintains a Disaster Recovery (DR) plan in the event a significant disruption to the operations or computer system processing occurs for an unexpected period of time. Over the last year, KHS has replaced its backup procedures from the Fresno co-location facility to the Microsoft Azure Cloud. These fundamental changes require that KHS update its Disaster Recovery policy and procedures in order to ensure the continuous safeguard of KHS information systems and Personal Healthcare Information (PHI).

(Budgetary Impact: \$591,200.)

5. Health Homes Distributive Model

Kern Family Health Systems (KFHS) went live in July 1, 2019 with the DHCS State mandated Health Home Program (HHP) in compliance with all DHCS Program requirements. KFHS will develop and implement a Distributive Health Home model within KFHS to serve eligible members identified in community PCP offices. These members will stay with their PCP and receive the enhanced services offered through the HHP via the Health Plan. This will require that KHS create new policy and procedures to support a modified HHP model compared to the existing program. As a result, the existing systems will need to be modified to accommodate the distributed model changes and support the overall program. Lastly, there will be new reporting and analytic requirements that will be created to manage the Health Home distributive model.

(Budgetary Impact: \$387,900.)

6. Electronic Medical Record (EMR) Data Collection

DHCS has established a new Managed Care Accountability Set (MCAS) or measures for Medi-Cal Managed Care Plans (MCPs). In addition to more measures, plan results for the measures will be compared to the minimum performance level (MPL) of the 50th percentile with Corrective Action Plans (CAPS) and financial sanctions being imposed for any measures not meeting the MPLs. Also of note, is that DHCS is strongly encouraging MCPs to move toward electronic data collection for validation of MCAS measures versus manual record reviews. KHS' ability to capture and report data demonstrating compliance with the MCAS measures will improve our overall performance. This proposal is to obtain and systematically leverage the Electronic Medical Record (EMR) data to use for the MCAS software. Electronically capturing data from the electronic medical record is needed to reduce staffing resources for manual medical record review to gather validation evidence of compliance for the MCAS measures.

(Budgetary Impact: \$350,000.)

7. Self-Service Reporting Software

KHS will be replacing the self-service reporting tool that will allow employees to generate analytics or reports on demand. Self-service reporting will increase the end users experience in retrieving routine requests without having to wait for the technical staff. The software that KHS purchased in 2007 is at end of life and will require significant upgrades and redesign. The centralized Business Intelligence unit is responsible for the self-service reporting tool, and will publish a Request for Proposal (RFP) to replace the existing system.

(Budgetary Impact: \$272,450.)

2020 Capital Summary

8. Texting Software

Data from a May 10, 2019 analysis shows that, of members who were asked if they would like text messages from the health plan, 67% answered yes to texting. The texting project will help KHS achieve better health outcomes for our members by increasing engagement and improving communication through meaningful, personalized and interactive dialog. Additionally, when surveyed, members responded that their second most preferred method of communication from the health plan is text messaging.

(Budgetary Impact: \$133,850.)

9. Connected Community Software

KHS was approached by the United Way and Dignity to collaboratively fund a new software solution that will provide a referral workflow to Community Based Organizations (CBO's). The software solution is provided by Unite Us (<https://www.uniteus.com/>) and will allow KHS to integrate its JIVA Medical Management system to review and manage the various social determinants that members require. This will create linkages amongst clinical providers and local community organizations that provide services vital to underserved populations. Its aim is to build a robust digital infrastructure connecting clinics, hospitals, community service organizations and other relevant partners to efficiently communicate and coordinate care, provide access to comprehensive resources, refer people to eligible programs, and track outcomes. It is a dynamic network of community partners collectively addressing the social determinants of health and ultimately linking anyone who needs help to appropriate community resources.

(Budgetary Impact: \$130,000.)

10. Managed Care Accountability Set (MCAS) Software

DHCS has established a new Managed Care Accountability Set (MCAS) or measures for Medi-Cal Managed Care Plans (MCPs). The results measure KHS' performance against the measures. Effective in 2019, the MCAS measures have been expanded significantly. This project will work with key KHS stakeholders to purchase the MCAS software (aka HEDIS) for the computation of the new MCAS measures for the contractual submission to the DHCS.

(Budgetary Impact: \$75,000.)

11. Credentialing Software

KHS uses the Symplr credentialing software to manage the plan's provider network. The software has two new modules that will be installed and configured to increase productivity during the credentialing process. This project will provide the support to define and build the new processes within the software for the Provider Management department.

(Budgetary Impact: \$50,000.)

2020 Capital Summary

12. Automated Member Display Software

KHS will integrate its Cisco Call Center software with the Cognizant QNXT core system to identify members as they call customer service based on the inbound dialing phone number. This will allow Member Services to immediately identify the member and provide customer service, after confirmation of the member's identity, without having to ask the member for their personal information.

(Budgetary Impact: \$25,000.)

Office Furniture

13. Building Equipment and Furniture

The new Buck Owens facility is significantly larger than the previous facilities and will require new furniture and equipment for conference rooms, new cubicles, offices, and other common areas. KHS will procure new equipment and furniture over the 2020 budget year to accommodate employee growth and to complete the existing space.

(Budgetary Impact: \$343,000.)

14. Cubicle Sound Masking System

The new facility has many large open areas that have created various noise challenges related to phone calls and conversations. There is technology that will assist in the masking of these types of sounds to eliminate the noise distractions for employees. This project will procure a white noise technology and install it at the new KHS building.

(Budgetary Impact: \$50,000.)

15. Learning and Development Media Room Equipment

The Corporate Learning and Development team creates various professional presentations to train and educate staff and providers. These presentations and electronic materials require audio and video work that is developed in a media room that allows for the audio recording of staff to provide a professional sound in the work. Examples of work product created in the media room are the following: online provider portal training; employee monthly safety content; annual staff training.

(Budgetary Impact: \$22,865.)

16. Copiers and Printers

Annually, KHS reviews the large copier and printing devices in the organization for utilization, output, and normal wear and tear. This expenditure will allow for replacement of two copiers to ensure that the copier and printers are well maintained and serviceable for staff to utilize.

(Budgetary Impact: \$17,000.)

2020 Capital Summary

Technology

17. Server Hardware

Annually, KHS procures server and storage equipment to replace existing hardware based on the life cycle and the cost to support. The server hardware will support both retirement of existing equipment and provide growth for the KHS infrastructure. This project will procure additional disk and server space for the 2020 calendar year.

(Budgetary Impact: \$230,000.)

18. Intrusion Detection/Protection Software

KHS is responsible for safeguarding the Personal Healthcare Information (PHI) of its constituents. There are various security techniques to ensure that unauthorized access has occurred within a data network, and the Intrusion Detection/Projection (IDS/IPS) Software is an industry standard solution. This project will create an RFP for a IDS/IPS solution to be implemented within KHS.

(Budgetary Impact: \$75,000.)

19. Cell Phone Signal Enhancement System

The new building has very poor cellular phone service, and there is technology that increases the cellular signal in large buildings. Verizon and AT&T provide hardware that can be installed within KHS to improve the cell phone signal for employees. This project will procure, install, and configure this equipment for the new facility.

(Budgetary Impact: \$52,000.)

20. Network Hardware

The KHS data network that supports KHS computers and servers requires two new modules to support the increased speed that KHS has designed with the new building. This project will procure the new network hardware and install it in the new building infrastructure.

(Budgetary Impact: \$50,000.)

21. Laptop Hardware

KHS will replace twenty laptops in 2020 that are no longer supported by the manufacturer.

(Budgetary Impact: \$50,000.)

22. Human Resources Document Management Software

The KHS HR department will procure a software solution that will allow the Human Resources department to isolate its employee documents in an alternative technology solution to eliminate any unauthorized access. This solution will provide Human Resources an offsite location to manage employee documents.

(Budgetary Impact: \$50,000.)



TO: KHS Board of Directors

FROM: Richard M. Pruitt, CIO

DATE: December 12, 2019

RE: 2020 Professional Services

Background

In 2019, KHS engaged in a variety of complex corporate projects such as State Encounters, Clinical Engagement, Network Modeling, New Building Occupation, Health Homes, and Hospital Directed Payments. The company has been very successful with the 2019 portfolio, and next year, 2020, the project expectations are very complex.

Each year, the technology team augments the department staff, by outsourcing with professional technical consultants, thus avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for eighteen (18) resources to adequately staff the twenty (20) corporate projects.

The attached Power Point outlines the 2020 scheduled Corporate Projects along with the methodology and regiment that KHS uses to define how many resources for each project are needed in order to properly manage the work efforts.

Requested Action

Approve; Authorize the Chief Executive Officer to approve contracts associated with the procurement of Professional Technical Resources for labor needed to complete the 2020 corporate projects with various consulting companies in the amount not to exceed **\$4,236,600** in the 2020 budgeted operating and capital expense.



2020 Project Consulting
Professional Services
December 12, 2019

Richard M. Pruitt

Agenda

- General Overview
- Sequence of Events
- Professional Services Vendors
- 2019/2020 Corporate Projects and Planning
- Expenditures
- Benefits of Outsourcing
- Board of Directors Request

General Overview

In 2019, KHS engaged in a variety of complex corporate projects such as State Encounters, Clinical Engagement, Network Modeling, New Building Occupation, Health Homes, and Hospital Directed Payments. The company has been very successful with the 2019 portfolio, and next year, 2020, the project expectations are very complex.

Each year, the technology team augments the department staff, by outsourcing with professional technical consultants, thus avoiding full-time employee hires, to accommodate the resource requirements of the corporate projects. During the organization's annual project and resource planning, the technology department identified the need for eighteen (18) resources to adequately staff the twenty (20) Corporate Projects.

Sequence of Events

- Professional Services Vendors RFP Process Performed (2017)
- Update Rate Sheets (2020) with Vendors
- Annual Corporate/Department Project Approval
- Annual Resource Planning
- Annual Budget Process
- Create recommendation for the Board of Directors.

Professional Services Vendors

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

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

2019 Corporate Projects

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

2020 Corporate Projects

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	HEDIS Quality Measures Revisions											
2	RDT Reconciliation											
3	Category of Aid Reconciliation											
4	CACTUS Upgrade											
5	Self Service Reporting											
6	Business Continuity Plan for New Facility and Test											
7	HHP 2020 - Distributive Model											
8	Enterprise Data Warehouse											
9	Specialty Med Mgmt											
10	Texting Solution											
11	Medical Management System Upgrade (and CWQI)											
12	MCAS Data Submission and Auditing Project Management (previously HEDIS)											
13	HHP 2020 - CSV Health Homes											
14	Member Engagement - HHP											
15	QNXT 5.6R4 Upgrade with Networx and CES KB Update											
16	Standard Supplemental Data Collection											
17	Connected Community Network/United Way Platform											
18	Member Rewards Replacement Program											
19	Automated Member Display											

2020 Resource Planning

#	Project Name	RESOURCES									
		SM	BIA	DA	Config	OPS	DEV	EDI	DBA	ADM	Total
1	HEDIS Quality Measures Revisions	40	30	60					60		278
2	RDT Reconciliation	40	30	30				30	30		270
3	CACTUS Upgrade	120	30	350		150	150	60	60		1,690
4	Category of Aid Reconciliation	40	30				60	60	60		360
5	Automated Member Display	130	76	76	46	144	272		106		1,466
6	Business Continuity and Disaster Recovery System	250	82	112	142	1,102	262	262	262		4,058
7	Connected Community Software	190	79	259	139	79	147	98	559		2,782
8	Connected Community Software	250	382	1,102	262	262	502	262	5,088		10,222
9	New Health Homes	130	76	106	496	256	106	46	262		2,182
10	Health Homes Distributive Model	250	82	202	496	256	202	216	262		3,550
11	MCAS Data Submission and Auditing Project Mgmt	130	76	736		256			106		1,854
12	Medical Management System Upgrade (and CWQI)	190	79	139	619	537	259	79	519		4,005
13	Member Engagement	130	76	136	256	46	262		262		1,784
14	Member Rewards Replacement Program	80	78	58		58	58		64		1,188
15	QNXT 5.6R4 Upgrade with Networx and CES KB Update	90	74	314	314	254	254	194	268		2,290
16	Self-Service Reporting Software	250	742	1,462	102	142		102	82		4,730
17	Specialty Medical Management System	250	82	202	742	502	426	82	262		4,132
18	Electronic Medical Record (EMR) Data Collection	190	79	499	379	139		379	758		3,039
19	Texting Software	190	79	379	259	139	139		259		2,368
20	Maintenance	2,080	9,300	2,400	7,000	7,200	4,100	3,900	3,600	4,000	43,580
Estimated Hours Needed:		5,020	11,562	8,622	11,252	11,522	7,199	5,770	12,929	4,000	95,828
Estimated FTE Need:		3.5	8.0	6.0	7.8	8.0	5.0	4.0	9.0	2.0	53.3
Available Resources:		0.0	8.0	5.0	5.0	6.0	5.0	3.0	4.0	0.0	36.0
Variance:		3.5	0.0	1.0	2.8	2.0	0.0	1.0	5.0	2.0	17.3
Variance:		3.5	0.0	1.0	2.8	2.0	0.0	1.0	5.0	2.0	17.3
Request:		4	0	1	3	2	0	1	5	2	18.0

Expenditures

YEAR	PROJECTS	RESOURCES	REQUESTED	ACTUAL	VARIANCE
2018	16	18	\$3,979,641	\$3,971,647	\$7,994
2019*	21	24	\$5,321,753	\$4,806,716	\$515,037
2020	20	18	\$4,236,600	N/A	N/A

* Variance forecasted based on September Actuals

Benefits of Outsourcing

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

Board of Directors Request

- Authorize the CEO to approve contracts associated to procurement of Professional Technical Resources with various consulting companies in the amount not to exceed \$4,236,600 in operating and capital expenses associated for labor needed to complete the 2020 corporate projects.

Questions

Please contact:

Richard M. Pruitt

661-664-5078

richard.pruitt@khs-net.com



To: KHS Board of Directors

From: Robert Landis, CFO

Date: December 12, 2019

Re: September 2019 Financial Results

The September results reflect a \$1,756,162 Net Increase in Net Position which is a \$1,171,367 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$8.4 million favorable variance primarily due to:
 - A) \$1.6 million favorable variance in Family and Other primarily due to a higher than expected budgeted rate increase from the State.
 - B) \$2.0 million favorable variance in SPD primarily due to a higher than expected budgeted rate increase from the State (\$1.1 million) and higher than expected enrollment (\$.9 million).
 - C) \$1.6 million favorable variance in Proposition 56 Supplemental Revenue due to an unbudgeted increase in tobacco tax revenue funds being allocated for fiscal years 18/19 and 19/20 to additional CPT procedure codes along with an increase in supplemental allowable payable amounts offset against expenses included in 2E below.
 - D) \$.4 million favorable variance relating to unbudgeted new supplemental revenue relating to Ground Emergency Medical Transportation (GEMT) for fiscal years 18/19 and 19/20 offset against expenses included in 2E below.
 - E) \$.2 million favorable variance relating to higher than expected BHT Revenue offset against expenses included in 2B below.
 - F) \$1.8 million favorable variance in Premium-MCO Tax primarily due to the State increasing the MCO Tax Rate from \$33.40 pmpm to \$40.00 pmpm effective July 1, 2019 offset against expenses included in Item 3 below.
- 2) Total Medical Costs reflect a \$5.1 million unfavorable variance primarily due to:
 - A) \$1.1 million favorable variance in Physician Services primarily due to realizing Urgent Care contract rate reductions that took place during the 2nd Quarter of this year.
 - B) \$.4 million unfavorable variance in Other Professional Services primarily due to higher than expected utilization of BHT services for SPD and Family & Other members offset against amounts included in 1E above.

- C) \$2.0 million unfavorable variance in Inpatient primarily due to higher than expected utilization.
 - D) \$.4 million unfavorable variance in Outpatient Hospital primarily due to higher than expected utilization by Expansion members.
 - E) \$3.4 million unfavorable variance in Other Medical primarily due to accruing for estimated Proposition 56 expenses relating to unbudgeted additional CPT procedure codes along with increases in supplemental allowable payable amounts (\$1.8 million) offset against revenue included in 1C above. There was also an unfavorable variance in Ambulance and NEMT (\$.7 million) and Long Term/SNF/Hospice Services (\$.6 million) primarily due to higher than expected utilization, and accruing for estimated unbudgeted expenses for supplemental GEMT services (\$.4 million) offset against revenue included in 1D above.
- 3) \$1 .8 million unfavorable variance in MCO Tax primarily due to the State increasing the MCO Tax Rate from \$33.40 pmpm to \$40.00 pmpm effective July 1, 2019 offset against revenue included in Item 1F above.

The September Medical Loss Ratio is 90.9% which is favorable to the 92.4% budgeted amount. The September Administrative Expense Ratio is 5.9% which is favorable to the 6.2% budgeted amount.

The results for the 9 months ended September 30, 2019 reflect a Net Increase in Net Position of \$8,036,311. This is a \$12,630,680 favorable variance to budget and includes approximately \$12.9 million of favorable adjustments from the prior year and a \$2.2 million gain from the sale of the Stockdale Building. The year-to-date Medical Loss Ratio is 93.0% which is favorable to the 94.2% budgeted amount. The year-to-date Administrative Expense Ratio is 5.5% which is favorable to the 6.2% budgeted amount.

**Kern Health Systems
Financial Packet
September 2019**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2019			
ASSETS	SEPTEMBER 2019	AUGUST 2019	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 75,362,159	\$ 92,496,905	\$ (17,134,746)
Short-Term Investments	128,202,517	114,072,333	14,130,184
Premiums Receivable - Net	114,117,026	98,498,142	15,618,884
Interest Receivable	395,834	526,573	(130,739)
Other Receivables	1,541,422	1,705,503	(164,081)
Prepaid Expenses & Other Current Assets	2,026,505	2,341,363	(314,858)
Total Current Assets	\$ 321,645,463	\$ 309,640,819	\$ 12,004,644
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPRES:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	10,992,625	10,517,941	474,684
Automobiles - Net	28,507	29,285	(778)
Building Project	35,049,823	33,952,322	1,097,501
Capital Projects in Progress	15,910,798	15,855,859	54,939
Total Capital Assets	\$ 66,072,459	\$ 64,446,113	\$ 1,626,346
LONG TERM ASSETS:			
Officer Life Insurance Receivables	703,552	703,894	(342)
Total Long Term Assets	\$ 703,552	\$ 703,894	\$ (342)
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,657,573	\$ 2,657,573	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 391,379,047	\$ 377,748,399	\$ 13,630,648
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 24,280	\$ 46,976	(22,696)
Accrued Salaries and Employee Benefits	2,879,035	2,725,608	153,427
Accrued Other Operating Expenses	4,248,604	3,057,486	1,191,118
Accrued Taxes and Licenses	30,443,922	20,278,678	10,165,244
Claims Payable (Reported)	19,853,635	18,592,366	1,261,269
IBNR - Inpatient Claims	25,900,436	26,576,342	(675,906)
IBNR - Physician Claims	14,545,298	12,901,249	1,644,049
IBNR - Accrued Other Medical	21,585,683	22,524,096	(938,413)
Risk Pool and Withholds Payable	3,053,926	3,403,320	(349,394)
Statutory Allowance for Claims Processing Expense	2,326,151	2,326,151	-
Other Liabilities	50,996,328	51,550,540	(554,212)
Total Current Liabilities	\$ 175,857,298	\$ 163,982,812	\$ 11,874,486
NONCURRENT LIABILITIES:			
Net Pension Liability	5,490,163	5,490,163	-
TOTAL NONCURRENT LIABILITIES	\$ 5,490,163	\$ 5,490,163	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 364,304	\$ 364,304	\$ -
NET POSITION:			
Net Position - Beg. of Year	201,630,971	201,630,971	-
Increase (Decrease) in Net Position - Current Year	8,036,311	6,280,149	1,756,162
Total Net Position	\$ 209,667,282	\$ 207,911,120	\$ 1,756,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 391,379,047	\$ 377,748,399	\$ 13,630,648

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED SEPTEMBER 30, 2019			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
168,104	170,200	(2,096)	Family Members	1,504,052	1,517,400	(13,348)		
61,283	59,675	1,608	Expansion Members	541,952	537,075	4,877		
15,300	14,200	1,100	SPD Members	134,670	127,800	6,870		
6,590	5,600	990	Other Members	57,715	50,400	7,315		
8,858	8,400	458	Kaiser Members	76,969	75,600	1,369		
260,135	258,075	2,060	Total Members - MCAL	2,315,358	2,308,275	7,083		
REVENUES								
27,444,092	24,465,325	2,978,767	Title XIX - Medicaid - Family and Other	227,740,610	213,099,132	14,641,478		
23,117,928	22,329,139	788,789	Title XIX - Medicaid - Expansion Members	205,498,645	198,573,272	6,925,373		
15,059,382	12,671,587	2,387,795	Title XIX - Medicaid - SPD Members	119,525,896	109,579,048	9,946,848		
10,182,096	8,337,980	1,844,116	Premium - MCO Tax	79,105,586	74,560,925	4,544,661		
688,870	395,597	293,273	Investment Earnings	5,206,939	3,537,555	1,669,384		
-	127,334	(127,334)	Reinsurance Recoveries	-	1,138,664	(1,138,664)		
231,326	-	231,326	Rate/Income Adjustments	7,804,799	-	7,804,799		
19,999	-	19,999	Other Income (Expense)	182,958	-	182,958		
76,743,693	68,326,961	8,416,732	TOTAL REVENUES	645,065,432	600,488,597	44,576,836		
EXPENSES								
Medical Costs:								
12,473,244	13,550,305	1,077,061	Physician Services	125,683,583	121,373,293	(4,310,290)		
3,913,361	3,504,651	(408,710)	Other Professional Services	34,120,262	31,266,824	(2,853,438)		
4,697,451	4,603,121	(94,330)	Emergency Room	43,859,402	41,194,465	(2,664,937)		
15,564,329	13,586,184	(1,978,145)	Inpatient	122,970,837	121,858,517	(1,112,320)		
126,290	127,334	1,044	Reinsurance Expense	1,138,051	1,138,664	613		
6,130,800	5,713,309	(417,491)	Outpatient Hospital	56,295,108	51,237,696	(5,057,412)		
7,570,084	4,131,499	(3,438,585)	Other Medical	59,276,338	35,773,213	(23,503,125)		
9,145,904	9,690,717	544,813	Pharmacy	83,445,402	86,965,147	3,519,745		
502,552	499,350	(3,202)	Pay for Performance Quality Incentive	4,476,776	4,465,350	(11,426)		
-	-	-	Expansion Risk Corridor	-	-	-		
11,329	-	(11,329)	Non-Claims Expense Adjustment	991,590	-	(991,590)		
374,161	-	(374,161)	IBNR, Incentive, Paid Claims Adjustment	(6,080,672)	-	6,080,672		
60,509,505	55,406,470	(5,103,035)	Total Medical Costs	526,176,677	495,273,169	(30,903,508)		
16,234,188	12,920,491	3,313,697	GROSS MARGIN	118,888,755	105,215,427	13,673,328		
Administrative:								
2,343,633	2,193,179	(150,454)	Compensation	19,776,362	19,506,353	(270,009)		
836,783	785,278	(51,505)	Purchased Services	6,339,041	7,066,644	727,603		
76,514	116,785	40,271	Supplies	630,718	1,013,115	382,397		
151,656	339,650	187,994	Depreciation	1,563,732	2,303,041	739,309		
523,591	282,825	(240,766)	Other Administrative Expenses	3,067,722	2,839,719	(228,003)		
-	-	-	Administrative Expense Adjustment	-	-	-		
3,932,177	3,717,717	(214,460)	Total Administrative Expenses	31,377,575	32,728,871	1,351,296		
64,441,682	59,124,187	(5,317,495)	TOTAL EXPENSES	557,554,252	528,002,041	(29,552,211)		
12,302,011	9,202,775	3,099,236	OPERATING INCOME (LOSS) BEFORE TAX	87,511,180	72,486,556	15,024,624		
10,165,243	8,337,980	(1,827,263)	MCO TAX	79,023,438	74,560,925	(4,462,513)		
2,136,768	864,795	1,271,973	OPERATING INCOME (LOSS) NET OF TAX	8,487,742	(2,074,369)	10,562,111		
NONOPERATING REVENUE (EXPENSE)								
-	-	-	Gain on Sale of Building	2,205,329	-	2,205,329		
(10,000)	-	(10,000)	Reserve Fund Projects/Community Grants	(790,000)	-	(790,000)		
(370,606)	(280,000)	(90,606)	Health Home	(1,866,760)	(2,520,000)	653,240		
(380,606)	(280,000)	(100,606)	TOTAL NONOPERATING REVENUE (EXPENSE)	(451,431)	(2,520,000)	2,068,569		
1,756,162	584,795	1,171,367	NET INCREASE (DECREASE) IN NET POSITION	8,036,311	(4,594,369)	12,630,680		
90.9%	92.4%	1.5%	MEDICAL LOSS RATIO	93.0%	94.2%	1.2%		
5.9%	6.2%	0.3%	ADMINISTRATIVE EXPENSE RATIO	5.5%	6.2%	0.7%		

**KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION - PMPM
FOR THE MONTH ENDED SEPTEMBER 30, 2019**

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
168,104	170,200	(2,096)	Family Members	1,504,052	1,517,400	(13,348)
61,283	59,675	1,608	Expansion Members	541,952	537,075	4,877
15,300	14,200	1,100	SPD Members	134,670	127,800	6,870
6,590	5,600	990	Other Members	57,715	50,400	7,315
8,858	8,400	458	Kaiser Members	76,969	75,600	1,369
260,135	258,075	2,060	Total Members - MCAL	2,315,358	2,308,275	7,083
REVENUES						
157.10	139.17	17.93	Title XIX - Medicaid - Family and Other	145.82	135.92	9.90
377.23	374.18	3.05	Title XIX - Medicaid - Expansion Members	379.18	369.73	9.45
984.27	892.37	91.91	Title XIX - Medicaid - SPD Members	887.55	857.43	30.12
40.52	33.40	7.13	Premium - MCO Tax	35.34	33.40	1.95
2.74	1.58	1.16	Investment Earnings	2.33	1.58	0.74
0.00	0.51	(0.51)	Reinsurance Recoveries	0.00	0.51	(0.51)
0.92	0.00	0.92	Rate/Income Adjustments	3.49	0.00	3.49
0.08	0.00	0.08	Other Income (Expense)	0.08	0.00	0.08
305.41	273.66	31.75	TOTAL REVENUES	288.18	268.95	19.23
EXPENSES						
Medical Costs:						
49.64	54.27	4.63	Physician Services	56.15	54.36	(1.79)
15.57	14.04	(1.54)	Other Professional Services	15.24	14.00	(1.24)
18.69	18.44	(0.26)	Emergency Room	19.59	18.45	(1.14)
61.94	54.42	(7.53)	Inpatient	54.94	54.58	(0.36)
0.50	0.51	0.01	Reinsurance Expense	0.51	0.51	0.00
24.40	22.88	(1.52)	Outpatient Hospital	25.15	22.95	(2.20)
30.13	16.55	(13.58)	Other Medical	26.48	16.02	(10.46)
36.40	38.81	2.42	Pharmacy	37.28	38.95	1.67
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
0.05	0.00	(0.05)	Non-Claims Expense Adjustment	0.44	0.00	(0.44)
1.49	0.00	(1.49)	IBNR, Incentive, Paid Claims Adjustment	(2.72)	0.00	2.72
240.81	221.91	(18.89)	Total Medical Costs	235.07	221.83	(13.24)
64.61	51.75	12.86	GROSS MARGIN	53.11	47.13	5.99
Administrative:						
9.33	8.78	(0.54)	Compensation	8.84	8.74	(0.10)
3.33	3.15	(0.18)	Purchased Services	2.83	3.17	0.33
0.30	0.47	0.16	Supplies	0.28	0.45	0.17
0.60	1.36	0.76	Depreciation	0.70	1.03	0.33
2.08	1.13	(0.95)	Other Administrative Expenses	1.37	1.27	(0.10)
0.00	0.00	0.00	Administrative Expense Adjustment	0.00	0.00	0.00
15.65	14.89	(0.76)	Total Administrative Expenses	14.02	14.66	0.64
256.46	236.80	(19.65)	TOTAL EXPENSES	249.09	236.49	(12.60)
48.96	36.86	12.10	OPERATING INCOME (LOSS) BEFORE TAX	39.10	32.47	6.63
40.45	33.40	(7.06)	MCO TAX	35.30	33.40	(1.91)
8.50	3.46	5.04	OPERATING INCOME (LOSS) NET OF TAX	3.79	(0.93)	4.72
NONOPERATING REVENUE (EXPENSE)						
0.00	0.00	0.00	Gain on Sale of Building	0.99	0.00	0.99
(0.04)	0.00	(0.04)	Reserve Fund Projects/Community Grants	(0.35)	0.00	(0.35)
(1.47)	(1.12)	(0.35)	Health Home	(0.83)	(1.13)	0.29
(1.51)	(1.12)	(0.39)	TOTAL NONOPERATING REVENUE (EXPENSE)	(0.20)	(1.13)	0.93
6.99	2.34	4.65	NET INCREASE (DECREASE) IN NET POSITION	3.59	(2.06)	5.65
90.9%	92.4%	1.5%	MEDICAL LOSS RATIO	93.0%	94.2%	1.2%
5.9%	6.2%	0.3%	ADMINISTRATIVE EXPENSE RATIO	5.5%	6.2%	0.7%

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH SEPTEMBER 30, 2019														
E N R O L L M E N T														
M e m b e r s - M C A L														
	SEPTEMBER 2018	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	13 MONTH TOTAL
	246,962	245,266	245,522	244,683	245,830	247,101	247,836	248,254	248,349	250,896	249,380	249,466	251,277	3,220,822
R E V E N U E S														
Title XIX - Medicaid - Family and Other	133.25	134.04	136.65	180.80	134.36	140.03	141.35	138.32	140.92	147.25	155.06	157.80	157.10	145.91
Title XIX - Medicaid - Expansion Members	366.14	363.20	361.19	413.07	371.66	391.12	383.67	384.32	386.02	383.23	360.65	374.91	377.23	378.19
Title XIX - Medicaid - SPD Members	829.82	838.04	850.42	924.01	820.75	831.51	839.09	846.53	878.96	862.90	940.48	980.04	984.27	879.59
Premium - MCO Fax	32.75	32.98	32.94	31.30	32.57	32.57	32.57	32.57	32.59	32.58	32.59	49.38	40.52	34.47
Investment Earnings	1.84	1.93	1.47	3.75	1.71	1.71	3.75	2.50	1.46	4.26	1.45	1.45	2.74	2.30
Reinsurance Recoveries	0.00	0.00	(0.57)	1.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
COB/Subrogation Collections	0.80	1.33	0.45	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22
Rate/Income Adjustments	0.02	0.87	1.03	(0.02)	5.55	23.55	2.53	(0.70)	0.72	(2.80)	0.53	1.32	0.92	2.57
Other Income (Expense)	0.04	0.00	0.00	0.50	0.02	0.00	0.23	0.01	0.16	0.08	0.08	0.08	0.08	0.10
TOTAL REVENUES	265.35	267.99	268.64	317.75	272.01	299.26	280.45	274.20	279.36	281.84	287.58	313.16	305.41	285.65
E X P E N S E S														
Medical Costs:														
Physician Services	54.42	51.32	55.02	46.81	53.75	55.72	62.10	63.99	56.59	53.68	55.79	54.18	49.64	54.85
Other Professional Services	13.16	13.55	16.90	13.80	13.89	13.95	14.74	14.98	15.95	17.49	15.44	15.13	15.57	14.97
Emergency Room	18.35	18.31	16.98	14.72	18.14	19.06	19.51	22.26	20.56	18.73	20.78	18.62	18.69	18.83
Inpatient	52.18	53.29	37.30	11.00	52.72	52.23	54.66	51.76	49.05	57.36	53.46	61.08	61.94	49.92
Reinsurance Expense	0.47	0.47	0.47	0.47	0.51	0.51	0.51	0.51	0.51	0.50	0.51	0.52	0.50	0.50
Outpatient Hospital	23.48	19.51	20.90	17.49	22.02	24.43	27.78	25.67	25.80	26.57	26.50	26.15	24.40	23.69
Other Medical	14.60	15.75	18.13	61.42	22.63	27.74	28.93	34.74	28.93	25.34	26.93	25.81	30.13	26.77
Pharmacy	35.10	38.25	35.83	35.21	39.10	36.56	39.02	37.44	38.89	33.91	36.83	37.43	36.40	36.92
Pay for Performance Quality Incentive	2.00	2.00	2.00	1.82	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Expansion Risk Corridor	0.00	0.00	0.00	42.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.26
Non-Claims Expense Adjustment	0.03	0.01	(0.00)	0.00	0.80	1.49	1.31	(2.96)	0.16	3.02	0.08	0.05	0.05	0.31
IBNR, Incentive, Paid Claims Adjustment	2.29	5.86	17.09	1.97	(2.68)	17.73	(15.37)	(13.80)	(8.40)	(2.81)	(1.41)	0.81	1.49	0.19
Total Medical Costs	216.08	218.33	220.63	247.62	222.89	251.42	232.28	226.58	230.04	232.78	236.90	241.79	240.81	232.19
GROSS MARGIN	49.27	49.66	48.00	70.13	49.12	47.84	48.17	47.61	49.31	49.06	50.68	71.38	64.61	53.46
Administrative:														
Compensation	8.19	8.81	8.25	8.13	9.03	7.90	8.45	8.54	9.41	8.59	9.21	9.04	9.33	8.69
Purchased Services	2.25	1.90	2.51	2.57	2.17	2.18	3.64	3.16	3.55	1.79	3.23	2.43	3.33	2.67
Supplies	0.12	0.27	0.15	0.43	0.47	0.32	0.38	0.38	0.06	0.24	0.19	0.20	0.30	0.27
Depreciation	0.52	0.52	0.52	0.54	0.73	0.73	0.85	0.72	0.72	0.72	0.61	0.61	0.60	0.64
Other Administrative Expenses	1.28	1.08	0.90	1.24	1.33	0.76	0.99	1.22	0.96	1.64	1.36	1.96	2.08	1.50
Administrative Expense Adjustment	0.00	0.00	0.00	1.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12
Total Administrative Expenses	12.35	12.59	12.32	14.47	13.73	11.89	14.31	14.02	14.71	12.98	14.60	14.23	15.65	13.69
TOTAL EXPENSES	228.43	230.92	232.96	262.09	236.62	263.31	246.59	240.60	244.75	245.76	251.51	256.02	256.46	245.88
OPERATING INCOME (LOSS) BEFORE TAX	36.92	37.07	35.68	55.66	35.38	35.95	33.86	33.59	34.60	36.08	36.07	57.14	48.96	39.77
MCO TAX	32.75	32.98	32.94	33.05	32.90	32.73	33.63	32.58	32.57	32.24	32.28	49.22	40.45	34.58
OPERATING INCOME (LOSS) NET OF TAX	4.17	4.10	4.10	22.61	2.48	3.22	1.22	1.01	2.03	3.85	3.79	7.92	8.50	5.19
TOTAL NONOPERATING REVENUE (EXPENSE)	(2.30)	(0.17)	(0.91)	(0.22)	(0.48)	(0.42)	(0.54)	(0.77)	(1.45)	5.15	(1.23)	(0.61)	(1.51)	(0.42)
NET INCREASE (DECREASE) IN NET POSITION	1.87	3.93	1.83	22.38	2.01	2.79	0.68	0.24	0.59	9.00	2.56	7.31	6.99	4.78
MEDICAL LOSS RATIO	92.9%	92.9%	93.6%	86.4%	93.1%	94.3%	93.7%	93.8%	93.2%	93.4%	92.9%	91.7%	90.9%	92.3%
ADMINISTRATIVE EXPENSE RATIO	5.3%	5.4%	5.2%	5.1%	5.7%	4.5%	5.8%	5.8%	6.0%	5.2%	5.7%	5.4%	5.9%	5.4%

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2019			
		ACTUAL	VARIANCE
REVENUES			
Title XIX - Medicaid - Family & Other			
22,390,719	20,757,411	1,633,308	4,711,119
2,448,359	2,422,591	25,768	(1,478,203)
73,229	76,109	(2,880)	109,340
336,028	263,401	72,627	748,029
267,153	201,906	65,247	(33,218)
1,694,200	662,647	1,031,553	9,221,345
149,048	-	149,048	1,331,393
85,356	81,260	4,096	729,900
27,444,092	24,465,325	2,978,767	213,099,132
Total Title XIX - Medicaid - Family & Other			
Title XIX - Medicaid - Expansion Members			
20,924,332	20,797,311	127,022	187,158,325
338,187	243,020	95,167	2,187,179
434,143	544,869	(110,726)	4,903,821
500,751	395,252	105,499	1,185,756
742,355	323,232	419,123	2,909,088
151,578	-	151,578	1,338,197
26,582	25,456	1,126	229,104
23,117,928	22,329,139	788,789	198,573,272
Total Title XIX - Medicaid - Expansion Members			
Title XIX - Medicaid - SPD Members			
13,603,640	11,646,045	1,957,595	102,126,850
104,613	211,894	(107,281)	1,907,046
496,918	391,982	104,936	3,527,838
433,513	296,280	137,233	888,840
292,466	125,386	167,080	1,128,474
128,232	-	128,232	1,116,146
15,059,382	12,671,587	2,387,795	109,579,048
Total Title XIX - Medicaid - SPD Members			
Total Title XIX - Medicaid - Expansion Members			
Total Title XIX - Medicaid - SPD Members			
Total Title XIX - Medicaid - Expansion Members			
Total Title XIX - Medicaid - SPD Members			
Total Title XIX - Medicaid - Expansion Members			
Total Title XIX - Medicaid - SPD Members			

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED SEPTEMBER 30, 2019				YEAR-TO-DATE	
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
2,722,289	2,935,618	213,329	25,695,975	26,257,254	561,279
9,301,608	9,234,243	(67,365)	87,165,670	82,777,315	(4,388,355)
431,047	1,371,443	940,396	12,740,038	12,256,824	(483,214)
18,300	9,000	(9,300)	81,900	81,900	-
12,473,244	13,550,305	1,077,061	125,683,583	121,373,293	(4,310,290)
PHYSICIAN SERVICES					
Primary Care Physician Services					
247,950	262,653	14,703	2,231,795	2,349,195	117,400
183,756	183,437	(319)	1,512,403	1,650,933	138,530
481,950	537,736	55,786	4,467,835	4,839,620	371,785
85,902	101,420	15,518	724,937	912,782	187,845
99,067	101,142	2,075	828,838	846,324	17,486
78,148	87,826	9,678	725,063	790,438	65,375
71,645	85,846	14,201	511,093	772,610	261,517
242,720	228,318	(14,402)	1,790,641	1,919,619	128,978
54,968	55,990	1,022	480,374	503,907	23,533
1,105,353	655,382	(449,971)	9,521,351	5,876,866	(3,644,485)
96,395	162,366	65,971	1,290,798	1,454,282	163,484
1,165,507	1,042,532	(122,975)	10,035,134	9,350,248	(684,886)
3,913,361	3,504,651	(408,710)	34,120,262	31,266,824	(2,853,438)
4,697,451	4,603,121	(94,330)	43,859,402	41,194,465	(2,664,937)
15,564,329	13,586,184	(1,978,145)	122,970,837	121,858,517	(1,112,320)
126,290	127,334	1,044	1,138,051	1,138,664	613
6,130,800	5,713,309	(417,491)	56,295,108	51,237,696	(5,057,412)
TOTAL OTHER PROFESSIONAL SERVICES					
EMERGENCY ROOM					
INPATIENT HOSPITAL					
REINSURANCE EXPENSE PREMIUM					
OUTPATIENT HOSPITAL SERVICES					
OTHER MEDICAL					
1,936,979	1,224,657	(712,322)	13,787,982	10,963,394	(2,824,588)
290,848	292,842	1,994	3,336,211	2,627,971	(708,240)
345,187	445,761	100,574	2,158,815	4,011,815	1,853,000
1,401,277	781,569	(619,708)	9,208,446	7,022,910	(2,185,536)
-	62,743	62,743	-	561,071	561,071
2,893,119	1,111,496	(1,781,623)	26,484,858	9,949,164	(16,535,694)
446,419	-	(446,419)	3,921,921	-	(3,921,921)
256,255	212,432	(43,823)	378,105	636,888	258,783
7,570,084	4,131,499	(3,438,585)	59,276,338	35,773,213	(23,503,125)
TOTAL OTHER MEDICAL					
PHARMACY SERVICES					
8,104,656	8,402,607	297,951	74,304,896	75,390,887	1,085,991
479,317	832,872	353,555	4,444,476	7,489,613	3,045,137
696,932	601,140	(95,792)	6,071,379	5,396,777	(674,602)
(135,001)	(145,902)	(10,901)	(1,375,349)	(1,312,130)	63,219
9,145,904	9,690,717	544,813	83,445,402	86,965,147	3,519,745
502,552	499,350	(3,202)	4,476,776	4,465,350	(11,426)
-	-	-	-	-	-
11,329	-	(11,329)	991,590	-	(991,590)
374,161	-	(374,161)	(6,080,672)	-	6,080,672
60,509,505	55,406,470	(5,103,035)	526,176,677	495,273,169	(30,903,508)
Total Medical Costs					

* Medical costs per DMHC regulations

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED SEPTEMBER 30, 2019					
			PHYSICIAN SERVICES		
10.83	11.76	0.92	11.48	11.76	0.28
37.02	36.99	(0.03)	38.94	37.08	(1.87)
1.72	5.49	3.78	5.69	5.49	(0.20)
0.07	0.04	(0.04)	0.04	0.04	0.00
49.64	54.27	4.63	56.15	54.36	(1.79)
			OTHER PROFESSIONAL SERVICES		
0.99	1.05	0.07	1.00	1.05	0.06
0.73	0.73	0.00	0.68	0.74	0.06
1.92	2.15	0.24	2.00	2.17	0.17
0.34	0.41	0.06	0.32	0.41	0.08
0.39	0.41	0.01	0.37	0.38	0.01
0.31	0.35	0.04	0.32	0.35	0.03
0.29	0.34	0.06	0.23	0.35	0.12
0.97	0.91	(0.05)	0.80	0.86	0.06
0.22	0.22	0.01	0.21	0.23	0.01
4.40	2.62	(1.77)	4.25	2.63	(1.62)
0.38	0.65	0.27	0.58	0.65	0.07
4.64	4.18	(0.46)	4.48	4.19	(0.30)
15.57	14.04	(1.54)	15.24	14.00	(1.24)
18.69	18.44	(0.26)	19.59	18.45	(1.14)
61.94	54.42	(7.53)	54.94	54.58	(0.36)
0.50	0.51	0.01	0.51	0.51	0.00
24.40	22.88	(1.52)	25.15	22.95	(2.20)
			OTHER MEDICAL		
7.71	4.91	(2.80)	6.16	4.91	(1.25)
1.16	1.17	0.02	1.49	1.18	(0.31)
1.37	1.79	0.41	0.96	1.80	0.83
5.58	3.13	(2.45)	4.11	3.15	(0.97)
0.00	0.25	0.25	0.00	0.25	0.25
11.51	4.45	(7.06)	11.83	4.46	(7.38)
1.02	0.85	(0.17)	0.17	0.29	0.12
28.35	16.55	(11.80)	24.73	16.02	(8.71)
			PHARMACY SERVICES		
32.25	33.65	1.40	33.20	33.77	0.57
1.91	3.34	1.43	1.99	3.35	1.37
2.77	2.41	(0.37)	2.71	2.42	(0.30)
(0.54)	(0.55)	(0.05)	(0.61)	(0.59)	0.03
36.40	38.81	2.42	37.28	38.95	1.67
2.00	2.00	0.00	2.00	2.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.05	0.00	(0.05)	0.44	0.00	(0.44)
1.49	0.00	(1.49)	(2.72)	0.00	2.72
240.81	221.91	(18.89)	235.07	221.83	(13.24)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH SEPTEMBER 30, 2019	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES										
Primary Care Physician Services	2,852,332	3,204,444	2,641,133	2,878,106	3,132,132	2,545,597	2,781,460	2,938,482	2,772,289	25,695,975
Referral Specialty Services	9,061,015	8,891,359	10,768,936	10,831,475	9,485,042	9,590,131	10,169,879	9,066,225	9,301,608	87,165,678
Urgent Care & After Hours Advice	1,290,151	1,663,998	1,972,443	2,167,355	1,427,909	1,323,687	952,073	1,511,575	431,047	12,740,038
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	9,300	-	18,300	81,900
TOTAL PHYSICIAN SERVICES	13,212,798	13,768,201	15,391,612	15,885,936	14,054,383	13,468,415	13,912,712	13,516,282	12,473,244	125,683,583
OTHER PROFESSIONAL SERVICES										
Vision Service Capitation	245,365	245,148	247,101	247,836	248,254	248,349	248,349	253,443	247,950	2,231,795
221 - Business Intelligence	164,801	159,928	167,714	159,920	179,129	153,193	175,084	170,878	183,756	1,512,403
310 - Health Services - Utilization Management - UM Allocation *	510,943	470,395	478,085	515,555	554,978	465,516	499,835	490,578	481,950	4,467,835
311 - Health Services - Quality Improvement - UM Allocation *	80,526	67,588	68,819	76,184	91,692	80,862	94,087	79,277	85,902	724,937
312 - Health Services - Education - UM Allocation *	93,216	78,571	86,064	88,902	99,085	93,538	96,891	92,854	99,067	828,838
313 - Health Services - Pharmacy - UM Allocation *	82,748	75,645	78,387	78,499	90,596	79,555	81,527	79,555	78,148	725,063
314 - Health Homes - UM Allocation *	49,343	44,522	48,105	49,071	60,500	48,781	69,152	69,974	71,645	511,093
315 - Case Management - UM Allocation *	190,992	177,760	187,111	180,813	202,905	171,694	213,229	223,417	242,720	1,790,641
616 - Disease Management - UM Allocation *	54,419	48,934	50,373	52,495	58,437	49,786	56,930	54,032	54,968	480,374
Behavior Health Treatment	638,864	831,512	952,302	950,988	1,250,610	1,668,762	1,071,604	1,051,356	1,105,353	9,521,351
Mental Health Services	212,968	183,744	127,778	168,412	89,339	177,147	129,222	105,793	96,395	1,290,798
Other Professional Services	1,090,436	1,063,534	1,162,244	1,149,925	1,035,427	1,150,406	1,113,785	1,103,870	1,165,507	10,035,134
TOTAL OTHER PROFESSIONAL SERVICES	3,414,621	3,447,281	3,652,683	3,718,600	3,960,952	4,388,042	3,849,695	3,775,027	3,913,361	34,120,262
EMERGENCY ROOM	4,459,099	4,710,529	4,835,728	5,525,268	5,106,796	4,698,111	5,181,359	4,645,061	4,697,451	43,859,402
INPATIENT HOSPITAL	12,961,386	12,906,122	13,546,028	12,850,017	12,181,510	14,390,451	13,332,634	15,238,360	15,564,329	122,970,837
REINSURANCE EXPENSE PREMIUM	125,136	125,026	126,021	126,397	126,609	126,658	126,658	129,256	126,290	1,138,051
OUTPATIENT HOSPITAL SERVICES	5,414,223	6,037,448	6,885,177	6,373,571	6,408,304	5,912,776	6,609,411	6,523,398	6,130,800	56,295,108
OTHER MEDICAL										
Ambulance and NEMT	1,146,157	2,536,809	1,948,589	1,685,378	2,206,229	(475,625)	1,391,507	1,411,959	1,936,979	13,787,982
Home Health Services & CBAS	495,461	155,156	325,629	357,818	542,991	322,679	463,230	382,399	290,848	3,336,211
Utilization and Quality Review Expenses	248,953	93,464	298,591	235,324	165,956	222,833	297,114	251,393	345,187	2,158,815
Long Term/SNF/Hospice	944,616	1,180,282	999,537	904,186	1,043,600	755,531	594,397	1,385,020	1,401,277	9,208,446
Enhanced Medical Benefits	-	-	-	-	-	-	-	-	-	-
Provider Enhancement Expense - Prop. 56	2,729,133	2,889,012	2,876,190	2,959,111	3,224,940	3,027,126	3,314,758	2,571,469	2,893,119	26,484,858
Provider Enhancement Expense - GEMT	-	-	-	-	-	2,505,003	521,009	449,490	446,419	3,921,921
Home Health Capitated Medical Expense	-	-	-	-	-	-	133,790	(11,940)	256,255	378,105
TOTAL OTHER MEDICAL	5,564,320	6,854,723	6,448,536	6,141,817	7,183,716	6,357,547	6,715,805	6,439,790	7,570,084	59,276,338
PHARMACY SERVICES										
RX - Drugs & OTC	8,596,061	7,864,951	8,712,771	8,110,525	8,527,200	7,615,766	8,300,890	8,472,076	8,104,656	74,304,896
RX - HEP-C	542,465	579,505	435,632	674,227	604,476	428,028	298,729	402,097	479,317	4,444,476
RX - DME	647,574	722,044	706,209	649,024	732,945	600,019	718,827	597,805	696,932	6,071,379
RX - Pharmacy Rebates	(173,400)	(133,200)	(183,400)	(140,000)	(205,348)	(135,000)	(135,000)	(135,000)	(135,000)	(1,375,349)
TOTAL PHARMACY SERVICES	9,612,700	9,033,300	9,671,212	9,293,776	9,659,273	8,508,813	9,183,446	9,336,978	9,145,904	83,445,402
PAY FOR PERFORMANCE QUALITY INCENTIVE										
EXPANSION RISK CORRIDOR	491,660	494,202	495,672	496,508	496,698	501,792	498,760	498,932	502,552	4,476,776
NON-CLAIMS EXPENSE ADJUSTMENT	197,435	367,246	324,378	(736,017)	39,610	756,640	19,252	11,717	11,329	991,590
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(659,783)	4,381,620	(3,810,327)	(3,428,856)	(2,087,231)	(704,885)	(350,851)	202,480	374,161	(6,080,672)
Total Medical Costs	54,793,595	62,125,698	57,566,720	56,250,017	57,130,620	58,404,360	59,078,881	60,317,281	60,509,505	526,176,677

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH SEPTEMBER 30, 2019										JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	YEAR TO DATE 2019	
PHYSICIAN SERVICES																				
Primary Care Physician Services										11.60	12.97	10.66	11.59	12.61	10.15	11.15	11.78	10.83	11.48	
Referral Specialty Services										36.86	35.98	43.45	43.63	38.19	38.22	40.78	36.34	37.02	38.94	
Urgent Care & After Hours Advice										5.25	6.73	7.96	7.96	5.82	5.28	8.73	6.06	1.72	5.69	
Hospital Admitting Team										0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.00	0.07	0.04	
TOTAL PHYSICIAN SERVICES										53.75	55.72	62.10	63.99	56.59	53.68	55.79	54.18	49.64	56.15	
OTHER PROFESSIONAL SERVICES																				
Vision Service Capitation										1.00	0.99	1.00	1.00	1.00	0.99	1.00	1.02	0.99	1.00	
221 - Business Intelligence										0.67	0.65	0.67	0.64	0.72	0.61	0.70	0.68	0.73	0.68	
310 - Health Services - Utilization Management - UM Allocation *										2.08	1.90	1.93	2.08	2.23	1.86	2.00	1.97	1.92	2.00	
311 - Health Services - Quality Improvement - UM Allocation *										0.33	0.27	0.28	0.31	0.37	0.32	0.38	0.32	0.34	0.32	
312 - Health Services - Education - UM Allocation *										0.38	0.32	0.35	0.36	0.40	0.37	0.39	0.37	0.39	0.37	
313 - Health Services - Pharmacy - UM Allocation *										0.34	0.31	0.32	0.32	0.36	0.32	0.33	0.32	0.31	0.32	
314 - Health Homes - UM Allocation *										0.20	0.18	0.19	0.20	0.24	0.19	0.28	0.28	0.29	0.23	
315 - Case Management - UM Allocation *										0.78	0.72	0.75	0.73	0.82	0.68	0.86	0.90	0.97	0.80	
616 - Disease Management - UM Allocation *										0.22	0.20	0.20	0.21	0.24	0.20	0.23	0.22	0.22	0.21	
Behavior Health Treatment										2.60	3.37	3.84	3.83	5.04	6.65	4.30	4.21	6.40	4.25	
Mental Health Services										0.87	0.74	0.52	0.68	0.36	0.71	0.52	0.42	0.38	0.58	
Other Professional Services										4.44	4.30	4.69	4.63	4.17	4.59	4.47	4.42	4.64	4.48	
TOTAL OTHER PROFESSIONAL SERVICES										13.89	13.95	14.74	14.98	15.95	17.49	15.44	15.13	15.57	15.24	
EMERGENCY ROOM										18.14	19.06	19.51	22.26	20.56	18.73	20.78	18.62	18.69	19.59	
INPATIENT HOSPITAL										52.72	52.23	54.66	51.76	49.05	57.36	53.46	61.08	61.94	54.94	
REINSURANCE EXPENSE PREMIUM										0.51	0.51	0.51	0.51	0.51	0.50	0.51	0.52	0.50	0.51	
OUTPATIENT HOSPITAL SERVICES										22.02	24.43	27.78	25.67	25.80	23.57	26.50	26.15	24.40	25.15	
OTHER MEDICAL																				
Ambulance and NEMT										4.66	10.27	7.86	6.79	8.88	(1.90)	5.58	5.66	7.71	6.16	
Home Health Services & CBAS										2.02	0.63	1.31	1.44	2.19	1.29	1.86	1.53	1.16	1.49	
Utilization and Quality Review Expenses										1.01	0.38	1.20	0.95	0.67	0.89	1.19	1.01	1.37	0.96	
Long Term/SNF/Hospice										3.84	4.78	4.03	3.64	4.20	3.01	2.38	5.55	5.00	4.11	
Enhanced Medical Benefits										0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Provider Enhancement Expense - Prop. 56										11.10	11.69	11.61	11.92	12.99	12.07	13.29	10.31	11.51	11.83	
Provider Enhancement Expense - GEMT										0.00	0.00	0.00	0.00	0.00	9.98	2.09	1.80	1.78	1.75	
Home Health Capitated Medical Expense										0.00	0.00	0.00	0.00	0.00	0.00	0.54	(0.05)	1.02	0.17	
TOTAL OTHER MEDICAL										22.63	27.74	26.02	24.74	28.93	25.34	26.93	25.81	30.13	26.48	
PHARMACY SERVICES																				
RX - Drugs & OTC										34.97	31.83	35.16	32.67	34.34	30.35	33.29	33.96	32.25	33.20	
RX - HEP-C										2.21	2.35	1.76	2.72	2.43	1.71	1.20	1.61	1.91	1.99	
RX - DME										2.63	2.92	2.85	2.61	2.95	2.39	2.88	2.40	2.77	2.71	
RX - Pharmacy Rebates										(0.71)	(0.54)	(0.74)	(0.56)	(0.83)	(0.54)	(0.54)	(0.54)	(0.54)	(0.61)	
TOTAL PHARMACY SERVICES										39.10	36.56	39.02	37.44	38.89	33.91	36.83	37.43	36.40	37.28	
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	
EXPANSION RISK CORRIDOR										0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
NON-CLAIMS EXPENSE ADJUSTMENT										0.80	1.49	1.31	(2.96)	0.16	3.02	0.08	0.05	0.05	0.44	
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT										(2.68)	17.73	(15.37)	(13.80)	(8.40)	(2.81)	(1.41)	0.81	1.49	(2.72)	
Total Medical Costs										222.89	251.42	232.28	226.58	230.04	232.78	236.90	241.79	240.81	235.07	

CURRENT MONTH		YEAR-TO-DATE			
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED SEPTEMBER 30, 2019					
224,614	258,313	33,699	2,242,332	2,324,818	82,486
151,448	158,992	7,544	1,338,402	1,430,927	92,525
703,176	617,732	(85,444)	4,941,048	5,559,587	618,539
9,000	18,734	9,734	174,925	168,606	(6,319)
321,221	338,858	17,637	2,190,510	3,049,705	859,195
474,916	477,778	2,862	4,532,301	4,299,035	(233,266)
118,090	109,760	(8,330)	866,423	987,836	121,413
99,340	96,311	(3,029)	811,373	866,801	55,428
28,184	38,152	9,968	233,259	304,147	70,888
(361)	-	361	787	2,025	1,238
135,165	119,382	(15,783)	1,181,671	1,106,934	(74,737)
-	500	500	16	4,500	4,484
15,493	14,574	(919)	114,633	122,679	8,046
21,049	20,738	(311)	179,009	186,639	7,630
215,134	247,979	32,845	1,970,341	2,211,564	241,223
446,721	538,565	91,844	4,027,062	4,644,473	617,411
615,663	478,159	(137,504)	3,737,038	3,813,622	76,584
56,306	62,743	6,437	474,469	564,687	90,218
77,629	64,502	(13,127)	438,563	580,494	141,931
51,874	64,751	12,877	439,213	582,751	143,538
167,515	197,194	29,679	1,484,200	1,749,201	265,001
-	(206,000)	(206,000)	-	(1,832,160)	(1,832,160)
3,932,177	3,717,717	(214,460)	31,377,575	32,728,871	1,351,296

KERN HEALTH SYSTEMS MEDI-CAL		JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	YEAR TO DATE 2019
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED SEPTEMBER 30, 2019											
110 - Executive		298,677	186,923	234,566	285,108	195,373	232,632	306,695	277,744	224,614	2,242,332
210 - Accounting		149,967	127,374	139,032	134,888	155,814	168,405	155,423	156,051	151,448	1,338,402
220 - Management Information Systems (MIS)		401,536	495,303	640,543	523,161	645,579	477,994	560,302	493,454	703,176	4,941,048
221 - Business Intelligence		205	10,000	50,100	20,600	22,857	11,091	30,894	20,178	9,000	174,925
225 - Infrastructure		255,998	238,858	247,310	245,403	301,083	200,444	238,149	142,044	321,221	2,190,510
230 - Claims		510,558	444,621	505,751	502,157	539,033	558,994	474,925	521,346	474,916	4,532,301
240 - Project Management		85,314	84,072	96,834	89,192	86,052	93,268	118,697	94,904	118,090	866,423
310 - Health Services - Utilization Management		86,447	91,228	95,142	84,999	92,899	78,445	90,324	92,549	99,340	811,373
311 - Health Services - Quality Improvement		25,633	21,530	22,707	23,865	28,960	26,561	30,312	25,507	28,184	233,259
312 - Health Services - Education		23	612	(5)	15,883	(15,754)	-	28	361	(361)	787
313 - Pharmacy		127,668	124,298	159,313	125,311	127,589	27,151	217,824	137,352	135,165	1,181,671
314 - Health Homes		556	(556)	(398)	-	18	-	228	168	-	16
315 - Case Management		12,191	11,347	11,943	11,541	13,230	10,958	13,670	14,260	15,493	114,633
616 - Disease Management		20,405	18,247	18,631	19,416	21,808	18,412	21,057	19,984	21,049	179,009
320 - Provider Network Management		267,760	126,987	223,524	244,955	235,564	211,875	223,120	221,422	215,134	1,970,341
330 - Member Services		470,954	389,538	441,753	485,966	477,021	424,507	447,582	443,020	446,721	4,027,062
340 - Corporate Services		319,181	347,539	396,534	356,340	364,405	386,714	428,213	522,449	615,663	3,737,038
360 - Audit & Investigative Services		57,536	55,624	51,626	53,495	53,208	47,245	50,075	49,354	56,306	474,469
410 - Advertising Media		24,987	11,283	34,440	62,712	108,984	61,286	23,752	33,490	77,629	438,563
420 - Sales/Marketing/Public Relations		48,311	41,979	43,514	48,369	48,141	44,213	44,029	68,783	51,874	439,213
510 - Human Resources		211,647	111,757	134,617	147,600	152,127	176,288	166,504	216,145	167,515	1,484,200
Total Department Expenses		3,375,554	2,938,564	3,547,477	3,480,961	3,653,991	3,256,483	3,641,803	3,550,565	3,932,177	31,377,575

**KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF SEPTEMBER 30, 2019**

ASSETS	SEPTEMBER 2019	AUGUST 2019	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,468,921	\$ 1,459,716	9,205
Interest Receivable	8,549	14,944	(6,395)
Prepaid Expenses & Other Current Assets	7,500	8,333	(833)
TOTAL CURRENT ASSETS	\$ 1,484,970	\$ 1,482,993	\$ 1,977

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	269,453	10,000	259,453
Other Liabilities	94,396	353,849	(259,453)
TOTAL CURRENT LIABILITIES	\$ 363,849	\$ 363,849	\$ -

NET POSITION:			
Net Position- Beg. of Year	1,100,538	1,100,538	-
Increase (Decrease) in Net Position - Current Year	20,583	18,606	1,977
Total Net Position	\$ 1,121,121	\$ 1,119,144	\$ 1,977
TOTAL LIABILITIES AND NET POSITION	\$ 1,484,970	\$ 1,482,993	\$ 1,977

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED SEPTEMBER 30, 2019			YEAR-TO-DATE		
ENROLLMENT								
-	-	-	Members	-	-	-	-	-
REVENUES								
-	-	-	Premium	-	-	-	-	-
2,810	-	2,810	Interest	26,733	-	26,733	-	-
-	-	-	Other Investment Income	1,350	-	1,350	-	-
2,810	-	2,810	TOTAL REVENUES	28,083	-	28,083	-	-
EXPENSES								
-	-	-	Medical Costs	-	-	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-	-	-
-	-	-	Total Medical Costs	-	-	-	-	-
2,810	-	2,810	GROSS MARGIN	28,083	-	28,083	-	-
Administrative								
833	-	(833)	Management Fee Expense and Other Admin Exp	7,500	-	(7,500)	-	-
833	-	(833)	Total Administrative Expenses	7,500	-	(7,500)	-	-
833	-	(833)	TOTAL EXPENSES	7,500	-	(7,500)	-	-
1,977	-	1,977	OPERATING INCOME (LOSS)	20,583	-	20,583	-	-
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-	-	-
1,977	-	1,977	NET INCREASE (DECREASE) IN NET POSITION	20,583	-	20,583	-	-
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	27%	0%	-27%	-	-

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

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	33,921	33,871	33,184	0	0	0	0	0	0	0	0
REFUGEE - FAMILY	0	0	0	1	0	0	0	0	0	0	0	0
FOSTER CARE	720	699	712	776	0	0	0	0	0	0	0	0
POVERTY-133/200%	1	1	1	1	0	0	0	0	0	0	0	0
MI - CHILD	108,363	109,594	110,076	110,865	0	0	0	0	0	0	0	0
CHILD+ACA	41	40	13	15	0	0	0	0	0	0	0	0
FAMILY - UNDER 19	22,145	22,131	22,194	22,160	0	0	0	0	0	0	0	0
ADULT	0	0	0	0	43,788	44,339	43,865	43,889	43,994			
CHILD	0	0	0	0	123,066	123,784	123,076	122,740	123,590			
SUB-TOTAL ADULT & FAMILY	165,796	166,386	166,867	167,002	166,854	168,123	166,947	166,629	167,584	0	0	0

MEDICAL EXPANSION												
LIHP Transition Pre-ACA	5	5	5	0	0	0	0	0	0	0	0	0
ACA Expansion Adult-Citizen	58,660	59,344	59,219	59,554	59,527	60,505	60,101	60,282	60,969			
ACA Expansion CAL Fresh Adult	4	4	3	2	0	0	0	0	0			
ACA Expansion Duals	440	465	446	412	401	442	427	396	314			
SUB-TOTAL MANDATORY	59,129	59,818	59,673	59,968	59,928	60,947	60,528	60,678	61,283	0	0	0

SDP MEMBERS												
SSI-AGED	182	197	181	198	0	0	0	0	0	0	0	0
MN - AGED	1,621	1,623	1,623	1,633	0	0	0	0	0	0	0	0
SSI - BLIND & DIS-ABLED	12,333	12,191	12,680	12,402	0	0	0	0	0	0	0	0
MN - BLIND & DIS-ABLED	448	502	441	519	0	0	0	0	0	0	0	0
SPD (AGED AND DISABLED)	0	0	0	0	14,958	15,103	15,264	15,270	15,300			
SUB-TOTAL MANDATORY SPD	14,585	14,513	14,925	14,752	14,958	15,103	15,264	15,270	15,300	0	0	0

TOTAL MANDATORY	239,510	240,717	241,465	241,722	241,740	244,173	242,733	242,577	244,167	0	0	0
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OTHER MEMBERS												
BCCTP-TOBACCO SETTLEMENT	23	25	22	22	22	22	22	21	24			

DUALS												
PA - FAMILY DUALS	18	30	24	30	0	0	0	0	0	0	0	0
PART D SSI-AGED	838	821	832	851	0	0	0	0	0	0	0	0
PART D MN - AGED	1,510	1,559	1,564	1,669	0	0	0	0	0	0	0	0
PART D SSI - BLIND & DIS-ABLED	2,471	2,490	2,531	2,481	0	0	0	0	0	0	0	0
PART D MN - BLIND & DIS-ABLED	1,082	1,049	1,003	1,042	0	0	0	0	0	0	0	0
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	1	1	1	1	1	1	1	1
PART D MI - CHILD	377	409	394	435	0	0	0	0	0	0	0	0
PARTIAL DUALS - FAMILY	0	0	0	0	435	453	448	448	520			
SPD FULL DUALS	0	0	0	0	6,151	6,247	6,176	6,419	6,565			
SUB-TOTAL DUALS	6,297	6,359	6,349	6,510	6,587	6,701	6,625	6,868	7,086	0	0	0

TOTAL OTHERS	6,320	6,384	6,371	6,532	6,609	6,723	6,647	6,889	7,110	0	0	0
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TOTAL KAISER	8,329	8,385	8,394	8,411	8,557	8,609	8,668	8,758	8,858			
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TOTAL MEDICAL MEMBERS	254,159	255,486	256,230	256,665	256,906	259,505	258,048	258,224	260,135	0	0	0
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To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 12, 2019
Re: October 2019 Financial Results

The October results reflect a \$1,338,286 Net Increase in Net Position which is a \$780,827 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$8.4 million favorable variance primarily due to:
 - A) \$1.5 million favorable variance in Family and Other primarily due to a higher than expected budgeted rate increase from the State.
 - B) \$2.1 million favorable variance in SPD primarily due to a higher than expected budgeted rate increase from the State (\$1.1 million) and higher than expected enrollment (\$1.0 million).
 - C) \$1.6 million favorable variance in Proposition 56 Supplemental Revenue due to an unbudgeted increase in tobacco tax revenue funds being allocated for fiscal years 18/19 and 19/20 to additional CPT procedure codes along with an increase in supplemental allowable payable amounts offset against expenses included in 2D below.
 - D) \$.9 million favorable variance relating to higher than expected BHT Revenue offset against expenses included in 2A below.
 - E) \$1.7 million favorable variance in Premium-MCO Tax primarily due to the State increasing the MCO Tax Rate from \$33.40 pmpm to \$40.00 pmpm effective July 1, 2019 offset against expenses included in Item 3 below.
- 2) Total Medical Costs reflect a \$5.3 million unfavorable variance primarily due to:
 - A) \$1.0 million unfavorable variance in Other Professional Services primarily due to higher than expected utilization of BHT services for SPD members offset against amounts included in 1D above.
 - B) \$1.0 million unfavorable variance in Emergency primarily due to higher than expected utilization by Expansion and Family and Other members.
 - C) \$1.4 million unfavorable variance in Inpatient primarily due to higher than expected utilization.

D) \$1.7 million unfavorable variance in Other Medical primarily due to accruing for estimated Proposition 56 expenses relating to unbudgeted additional CPT procedure codes along with increases in supplemental allowable payable amounts offset against revenue included in 1C above.

3) \$1.7 million unfavorable variance in MCO Tax primarily due to the State increasing the MCO Tax Rate from \$33.40 pmpm to \$40.00 pmpm effective July 1, 2019 offset against revenue included in Item 1E above.

The October Medical Loss Ratio is 91.0% which is favorable to the 92.4% budgeted amount. The October Administrative Expense Ratio is 6.6% which is unfavorable to the 6.2% budgeted amount.

The results for the 10 months ended October 31, 2019 reflect a Net Increase in Net Position of \$9,374,597. This is a \$13,411,506 favorable variance to budget and includes approximately \$13.2 million of favorable adjustments from the prior year and a \$2.2 million gain from the sale of the Stockdale Building. The year-to-date Medical Loss Ratio is 92.8% which is favorable to the 94.0% budgeted amount. The year-to-date Administrative Expense Ratio is 5.7% which is favorable to the 6.2% budgeted amount.

**Kern Health Systems
Financial Packet
October 2019**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 15
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF OCTOBER 31, 2019			
ASSETS	OCTOBER 2019	SEPTEMBER 2019	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 96,500,536	\$ 75,362,159	\$ 21,138,377
Short-Term Investments	92,173,538	128,202,517	(36,028,979)
Premiums Receivable - Net	132,023,412	114,117,026	17,906,386
Interest Receivable	236,338	395,834	(159,496)
Other Receivables	1,837,079	1,541,422	295,657
Prepaid Expenses & Other Current Assets	1,491,895	2,026,505	(534,610)
Total Current Assets	\$ 324,262,798	\$ 321,645,463	\$ 2,617,335
RESTRICTED ASSETS	\$ 300,000	\$ 300,000	\$ -
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	10,459,360	10,992,625	(533,265)
Automobiles - Net	27,729	28,507	(778)
Building and Building Improvements - Net	37,882,166	35,049,823	2,832,343
Capital Projects in Progress	16,129,134	15,910,798	218,336
Total Capital Assets	\$ 68,589,095	\$ 66,072,459	\$ 2,516,636
LONG TERM ASSETS:			
Officer Life Insurance Receivables	703,552	703,552	-
Total Long Term Assets	\$ 703,552	\$ 703,552	\$ -
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,657,573	\$ 2,657,573	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 396,513,018	\$ 391,379,047	\$ 5,133,971
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts Payable	\$ 25,080	\$ 24,280	800
Accrued Salaries and Employee Benefits	3,167,450	2,879,035	288,415
Accrued Other Operating Expenses	3,902,468	4,248,604	(346,136)
Accrued Taxes and Licenses	40,501,140	30,443,922	10,057,218
Claims Payable (Reported)	16,605,127	19,853,635	(3,248,508)
IBNR - Inpatient Claims	25,999,856	25,900,436	99,420
IBNR - Physician Claims	13,035,317	14,545,298	(1,509,981)
IBNR - Accrued Other Medical	18,579,735	21,585,683	(3,005,948)
Risk Pool and Withholds Payable	3,557,879	3,053,926	503,953
Statutory Allowance for Claims Processing Expense	2,326,151	2,326,151	-
Other Liabilities	51,952,780	50,996,328	956,452
Total Current Liabilities	\$ 179,652,983	\$ 175,857,298	\$ 3,795,685
NONCURRENT LIABILITIES:			
Net Pension Liability	5,490,163	5,490,163	-
TOTAL NONCURRENT LIABILITIES	\$ 5,490,163	\$ 5,490,163	\$ -
DEFERRED INFLOWS OF RESOURCES	\$ 364,304	\$ 364,304	\$ -
NET POSITION:			
Net Position - Beg. of Year	201,630,971	201,630,971	-
Increase (Decrease) in Net Position - Current Year	9,374,597	8,036,311	1,338,286
Total Net Position	\$ 211,005,568	\$ 209,667,282	\$ 1,338,286
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 396,513,018	\$ 391,379,047	\$ 5,133,971

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2019			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
167,550	170,600	(3,050)	Family Members	1,671,602	1,688,000	(16,398)		
61,355	59,675	1,680	Expansion Members	603,307	596,750	6,557		
15,454	14,200	1,254	SPD Members	150,124	142,000	8,124		
6,680	5,600	1,080	Other Members	64,395	56,000	8,395		
8,911	8,400	511	Kaiser Members	85,880	84,000	1,880		
259,950	258,475	1,475	Total Members - MCAL	2,575,308	2,566,750	8,558		
REVENUES								
27,395,016	24,496,967	2,898,049	Title XIX - Medicaid - Family and Other	255,135,626	237,596,099	17,539,527		
22,908,874	22,329,139	579,735	Title XIX - Medicaid - Expansion Members	228,407,519	220,902,411	7,505,108		
15,759,913	12,671,587	3,088,326	Title XIX - Medicaid - SPD Members	135,285,809	122,250,635	13,035,174		
10,062,668	8,351,338	1,711,330	Premium - MCO Tax	89,168,254	82,912,263	6,255,991		
319,267	396,231	(76,964)	Investment Earnings	5,526,206	3,933,786	1,592,420		
-	127,538	(127,538)	Reinsurance Recoveries	-	1,266,203	(1,266,203)		
318,771	-	318,771	Rate/Income Adjustments	8,123,570	-	8,123,570		
19,719	-	19,719	Other Income (Expense)	202,677	-	202,677		
76,784,228	68,372,799	8,411,429	TOTAL REVENUES	721,849,660	668,861,395	52,988,265		
EXPENSES								
Medical Costs:								
13,286,040	13,566,401	280,361	Physician Services	138,969,623	134,939,694	(4,029,929)		
4,483,269	3,506,757	(976,512)	Other Professional Services	38,603,531	34,773,581	(3,829,950)		
5,571,836	4,609,610	(962,226)	Emergency Room	49,431,238	45,804,075	(3,627,163)		
14,951,334	13,597,772	(1,353,562)	Inpatient	137,922,171	135,456,289	(2,465,882)		
127,228	127,538	310	Reinsurance Expense	1,265,279	1,266,203	924		
6,128,586	5,718,367	(410,219)	Outpatient Hospital	62,423,694	56,956,063	(5,467,631)		
5,832,261	4,135,391	(1,696,870)	Other Medical	65,108,599	39,908,605	(25,199,994)		
9,834,755	9,697,698	(137,057)	Pharmacy	93,280,157	96,662,845	3,382,688		
502,078	500,150	(1,928)	Pay for Performance Quality Incentive	4,978,854	4,965,500	(13,354)		
-	-	-	Expansion Risk Corridor	-	-	-		
(5,919)	-	5,919	Non-Claims Expense Adjustment	985,671	-	(985,671)		
20,741	-	(20,741)	IBNR, Incentive, Paid Claims Adjustment	(6,059,931)	-	6,059,931		
60,732,209	55,459,684	(5,272,525)	Total Medical Costs	586,908,886	550,732,853	(36,176,033)		
16,052,019	12,913,115	3,138,904	GROSS MARGIN	134,940,774	118,128,542	16,812,232		
Administrative:								
2,510,126	2,191,781	(318,345)	Compensation	22,286,488	21,698,134	(588,354)		
831,542	785,653	(45,889)	Purchased Services	7,170,583	7,852,296	681,713		
203,279	112,301	(90,978)	Supplies	833,997	1,125,416	291,419		
355,208	341,650	(13,558)	Depreciation	1,918,940	2,644,691	725,751		
519,786	292,933	(226,853)	Other Administrative Expenses	3,587,508	3,132,651	(454,857)		
-	-	-	Administrative Expense Adjustment	-	-	-		
4,419,941	3,724,318	(695,623)	Total Administrative Expenses	35,797,516	36,453,188	655,673		
65,152,150	59,184,002	(5,968,148)	TOTAL EXPENSES	622,706,402	587,186,042	(35,520,360)		
11,632,078	9,188,797	2,443,281	OPERATING INCOME (LOSS) BEFORE TAX	99,143,258	81,675,354	17,467,905		
10,057,218	8,351,338	(1,705,880)	MCO TAX	89,080,656	82,912,263	(6,168,393)		
1,574,860	837,459	737,401	OPERATING INCOME (LOSS) NET OF TAX	10,062,602	(1,236,909)	11,299,511		
NONOPERATING REVENUE (EXPENSE)								
-	-	-	Gain on Sale of Building	2,205,329	-	2,205,329		
-	-	-	Reserve Fund Projects/Community Grants	(790,000)	-	(790,000)		
(236,574)	(280,000)	43,426	Health Home	(2,103,334)	(2,800,000)	696,666		
(236,574)	(280,000)	43,426	TOTAL NONOPERATING REVENUE (EXPENSE)	(688,005)	(2,800,000)	2,111,995		
1,338,286	557,459	780,827	NET INCREASE (DECREASE) IN NET POSITION	9,374,597	(4,036,909)	13,411,506		
91.0%	92.4%	1.4%	MEDICAL LOSS RATIO	92.8%	94.0%	1.2%		
6.6%	6.2%	-0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.6%		

			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED OCTOBER 31, 2019					
CURRENT MONTH						YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE				ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
167,550	170,600	(3,050)	Family Members	1,671,602	1,688,000	(16,398)		
61,355	59,675	1,680	Expansion Members	603,307	596,750	6,557		
15,454	14,200	1,254	SPD Members	150,124	142,000	8,124		
6,680	5,600	1,080	Other Members	64,395	56,000	8,395		
8,911	8,400	511	Kaiser Members	85,880	84,000	1,880		
259,950	258,475	1,475	Total Members - MCAL	2,575,308	2,566,750	8,558		
REVENUES								
157.23	139.03	18.21	Title XIX - Medicaid - Family and Other	146.97	136.24	10.73		
373.38	374.18	(0.80)	Title XIX - Medicaid - Expansion Members	378.59	370.18	8.42		
1,019.80	892.37	127.43	Title XIX - Medicaid - SPD Members	901.16	860.92	40.24		
40.08	33.40	6.69	Premium - MCO Tax	35.82	33.40	2.42		
1.27	1.58	(0.31)	Investment Earnings	2.22	1.58	0.64		
0.00	0.51	(0.51)	Reinsurance Recoveries	0.00	0.51	(0.51)		
1.27	0.00	1.27	Rate/Income Adjustments	3.26	0.00	3.26		
0.08	0.00	0.08	Other Income (Expense)	0.08	0.00	0.08		
305.87	273.41	32.46	TOTAL REVENUES	289.97	269.40	20.56		
EXPENSES								
Medical Costs:								
52.92	54.25	1.33	Physician Services	55.82	54.35	(1.47)		
17.86	14.02	(3.84)	Other Professional Services	15.51	14.01	(1.50)		
22.20	18.43	(3.76)	Emergency Room	19.86	18.45	(1.41)		
59.56	54.37	(5.18)	Inpatient	55.40	54.56	(0.84)		
0.51	0.51	0.00	Reinsurance Expense	0.51	0.51	0.00		
24.41	22.87	(1.55)	Outpatient Hospital	25.08	22.94	(2.13)		
23.23	16.54	(6.70)	Other Medical	26.15	16.07	(10.08)		
39.18	38.78	(0.40)	Pharmacy	37.47	38.93	1.46		
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		
(0.02)	0.00	0.02	Non-Claims Expense Adjustment	0.40	0.00	(0.40)		
0.08	0.00	(0.08)	IBNR, Incentive, Paid Claims Adjustment	(2.43)	0.00	2.43		
241.92	221.77	(20.15)	Total Medical Costs	235.76	221.82	(13.94)		
63.94	51.64	12.31	GROSS MARGIN	54.21	47.58	6.63		
Administrative:								
10.00	8.76	(1.23)	Compensation	8.95	8.74	(0.21)		
3.31	3.14	(0.17)	Purchased Services	2.88	3.16	0.28		
0.81	0.45	(0.36)	Supplies	0.34	0.45	0.12		
1.41	1.37	(0.05)	Depreciation	0.77	1.07	0.29		
2.07	1.17	(0.90)	Other Administrative Expenses	1.44	1.26	(0.18)		
0.00	0.00	0.00	Administrative Expense Adjustment	0.00	0.00	0.00		
17.61	14.89	(2.71)	Total Administrative Expenses	14.38	14.68	0.30		
259.53	236.67	(22.86)	TOTAL EXPENSES	250.14	236.51	(13.63)		
46.34	36.74	9.59	OPERATING INCOME (LOSS) BEFORE TAX	39.83	32.90	6.93		
40.06	33.40	(6.67)	MCO TAX	35.78	33.40	(2.39)		
6.27	3.35	2.92	OPERATING INCOME (LOSS) NET OF TAX	4.04	(0.50)	4.54		
NONOPERATING REVENUE (EXPENSE)								
0.00	0.00	0.00	Gain on Sale of Building	0.89	0.00	0.89		
0.00	0.00	0.00	Reserve Fund Projects/Community Grants	(0.32)	0.00	(0.32)		
(0.94)	(1.12)	0.18	Health Home	(0.84)	(1.13)	0.28		
(0.94)	(1.12)	0.18	TOTAL NONOPERATING REVENUE (EXPENSE)	(0.28)	(1.13)	0.85		
5.33	2.23	3.10	NET INCREASE (DECREASE) IN NET POSITION	3.77	(1.63)	5.39		
91.0%	92.4%	1.4%	MEDICAL LOSS RATIO	92.8%	94.0%	1.2%		
6.6%	6.2%	-0.4%	ADMINISTRATIVE EXPENSE RATIO	5.7%	6.2%	0.6%		

KERN HEALTH SYSTEMS MEDICAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH OCTOBER 31, 2019														
ENROLLMENT														
MEMBERS - MEDICAL	OCTOBER 2018	NOVEMBER 2018	DECEMBER 2018	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	OCTOBER 2019	13 MONTH TOTAL
245,266	245,522	244,683	245,830	247,101	247,836	248,254	248,349	250,896	249,380	249,466	251,277	251,039	251,039	3,224,899
REVENUES														
Title XIX - Medicaid - Family and Other	134.04	136.65	180.80	134.36	140.03	141.35	138.32	140.92	147.25	155.06	157.80	157.10	157.23	147.76
Title XIX - Medicaid - Expansion Members	363.20	361.19	413.07	371.66	391.12	383.67	384.32	386.02	383.23	360.65	374.91	377.23	373.38	378.73
Title XIX - Medicaid - SPD Members	838.04	850.42	924.01	820.75	831.51	839.09	846.53	878.96	862.90	940.48	980.04	984.27	1,019.80	894.29
Premium - MCO Tax	32.98	32.94	31.30	32.57	32.57	32.57	32.57	32.59	32.58	32.59	49.58	40.52	40.08	35.04
Investment Earnings	1.93	1.47	3.75	1.71	1.71	3.75	2.50	1.46	4.26	1.34	1.45	2.74	1.27	2.26
Reinsurance Recoveries	0.00	(0.57)	1.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04
COB/Subrogation Collections	1.33	0.45	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15
Rate/Income Adjustments	0.87	1.03	(0.02)	5.55	23.55	2.53	(0.70)	0.72	(2.80)	0.53	1.32	0.92	1.27	2.66
Other Income (Expense)	0.00	0.00	0.50	0.02	0.00	0.23	0.01	0.08	0.16	0.08	0.08	0.08	0.08	0.10
TOTAL REVENUES	2,67.99	2,68.64	3,17.75	2,72.01	2,99.26	2,80.45	2,74.20	2,79.36	2,81.84	2,87.58	3,13.16	3,05.41	3,05.87	2,88.78
EXPENSES														
Medical Costs:														
Physician Services	51.32	55.02	46.81	53.75	55.72	62.10	63.99	56.59	53.68	55.79	54.18	49.64	52.92	54.74
Other Professional Services	13.55	16.90	13.80	13.89	13.95	14.74	14.98	15.95	17.49	15.44	15.13	15.57	17.86	15.33
Emergency Room	18.31	16.98	14.72	18.14	19.06	19.51	22.26	20.56	20.78	20.78	18.62	18.69	22.20	19.13
Inpatient	53.29	37.30	11.00	52.72	52.23	54.66	51.76	49.05	57.36	53.46	61.08	61.94	59.56	50.50
Reinsurance Expense	0.47	0.47	0.47	0.51	0.51	0.51	0.51	0.51	0.50	0.51	0.52	0.50	0.51	0.50
Outpatient Hospital	19.51	20.90	17.49	22.02	24.43	27.78	25.67	25.80	23.57	26.50	26.15	24.40	24.41	23.76
Other Medical	15.75	18.13	61.42	22.62	27.74	26.02	37.44	38.89	33.91	36.83	37.43	36.40	39.18	37.23
Pharmacy	38.25	35.83	35.21	39.10	36.56	39.02	37.44	38.89	33.91	36.83	37.43	36.40	39.18	37.23
Pay for Performance Quality Incentive	2.00	2.00	1.82	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.99
Expansion Risk Corridor	0.00	0.00	42.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.26
Non-Claims Expense Adjustment	0.01	(0.00)	0.00	0.80	1.49	1.31	(2.96)	3.02	3.02	0.08	0.05	0.05	(0.02)	0.31
IBNR, Incentive, Paid Claims Adjustment	5.86	17.09	1.97	(2.68)	17.73	(15.37)	(13.80)	(8.40)	(2.81)	(1.41)	0.81	1.49	(0.08)	0.02
Total Medical Costs	218.33	220.63	247.62	222.89	251.42	232.28	226.58	230.04	232.78	236.90	241.79	240.81	241.92	234.18
GROSS MARGIN														
Administrative:	49.66	48.00	70.13	49.12	47.84	48.17	47.61	49.31	49.06	50.68	71.38	64.61	63.94	54.60
Compensation	8.81	8.25	8.13	9.03	7.90	8.45	8.54	9.41	8.59	9.21	9.04	9.33	10.00	8.83
Purchased Services	1.90	2.51	2.57	2.17	2.18	3.64	3.16	3.55	1.79	3.23	2.43	3.33	3.31	2.75
Supplies	0.27	0.15	0.43	0.47	0.32	0.38	0.38	0.06	0.24	0.19	0.20	0.30	0.81	0.32
Depreciation	0.52	0.52	0.54	0.73	0.73	0.85	0.72	0.72	0.72	0.61	0.61	0.60	1.41	0.71
Other Administrative Expenses	1.68	0.90	1.24	1.33	0.76	0.99	1.22	0.96	1.64	1.36	1.96	2.08	2.07	1.36
Administrative Expense Adjustment	0.00	0.00	1.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12
Total Administrative Expenses	12.59	12.32	14.47	13.73	11.89	14.31	14.02	14.71	12.98	14.60	14.23	15.65	17.61	14.09
TOTAL EXPENSES	230.92	232.96	262.09	236.62	263.31	246.59	240.60	244.75	245.76	251.51	256.02	256.46	259.53	248.38
OPERATING INCOME (LOSS) BEFORE TAX	37.07	35.68	55.66	35.38	35.95	33.86	33.59	34.60	36.08	36.07	57.14	48.96	46.34	40.50
MCO TAX	32.98	32.94	33.05	32.90	32.73	32.63	32.58	32.57	32.24	32.28	49.22	40.45	40.06	32.03
OPERATING INCOME (LOSS) NET OF TAX	4.10	2.74	22.60	2.48	3.22	1.22	1.01	2.03	3.85	3.79	7.92	8.50	6.27	8.47
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.17)	(0.91)	(0.22)	(0.48)	(0.42)	(0.54)	(0.77)	(1.45)	5.15	(1.23)	(0.61)	(1.51)	(0.94)	(0.31)
NET INCREASE (DECREASE) IN NET POSITION	3.93	1.83	22.38	2.01	2.79	0.68	0.24	0.59	9.00	2.56	7.31	6.99	5.33	8.16
MEDICAL LOSS RATIO	92.9%	93.6%	86.4%	93.1%	94.3%	93.7%	93.8%	93.2%	93.4%	92.9%	91.7%	90.9%	91.0%	92.3%
ADMINISTRATIVE EXPENSE RATIO	5.4%	5.2%	5.1%	5.7%	5.7%	5.8%	5.8%	6.0%	5.2%	5.7%	5.4%	5.9%	6.6%	5.6%

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2019				YEAR-TO-DATE		
CURRENT MONTH		REVENUES		ACTUAL	BUDGET	VARIANCE
ACTUAL	BUDGET	VARIANCE				
22,313,510	20,786,365	1,527,145	Title XIX - Medicaid - Family & Other	208,045,576	201,807,312	6,238,264
2,293,588	2,422,591	(129,003)	Premium - Medi-Cal	22,618,704	24,225,910	(1,607,206)
41,845	76,282	(34,437)	Premium - Maternity Kick	829,934	755,031	74,903
607,486	264,000	343,486	Premium - Hep C Kick	3,704,545	2,613,030	1,091,515
217,126	202,366	14,760	Premium - BHT Kick	788,248	806,706	(18,458)
1,688,486	664,063	1,024,423	Premium - Health Home Kick	16,822,678	6,576,910	10,245,768
148,413	-	148,413	Premium - Provider Enhancement	1,479,806	-	1,479,806
84,562	81,300	3,262	Premium - Ground Emergency Medical Transportation	846,135	811,200	34,935
27,395,016	24,496,967	2,898,049	Other	255,135,626	237,596,099	17,539,527
			Total Title XIX - Medicaid - Family & Other			
			Total Title XIX - Medicaid - Family & Other	210,943,278	207,955,636	2,987,643
20,944,908	20,797,311	147,598	Title XIX - Medicaid - Expansion Members	2,808,275	2,430,198	378,077
129,119	243,020	(113,901)	Premium - Medi-Cal	3,864,020	5,448,690	(1,584,670)
466,632	544,869	(78,237)	Premium - Maternity Kick	1,586,463	1,581,008	5,455
446,280	395,252	51,028	Premium - Hep C Kick	7,450,181	3,232,320	4,217,861
743,476	323,232	420,244	Premium - Health Home Kick	1,489,989	-	1,489,989
151,792	-	151,792	Premium - Provider Enhancement	265,313	254,560	10,753
26,667	25,456	1,211	Premium - Ground Emergency Medical Transportation			
22,908,874	22,329,139	579,735	Other	228,407,519	220,902,411	7,505,108
			Total Title XIX - Medicaid - Expansion Members			
			Total Title XIX - Medicaid - Expansion Members	123,134,549	113,772,895	9,361,654
13,756,993	11,646,045	2,110,948	Title XIX - Medicaid - SPD Members	1,239,997	2,118,940	(878,943)
197,659	211,894	(14,235)	Premium - Medi-Cal	5,416,190	3,919,820	1,496,370
954,069	391,982	562,087	Premium - Hep C Kick	1,407,991	1,185,120	222,871
426,102	296,280	129,822	Premium - BHT Kick	2,841,365	1,253,860	1,587,505
295,519	125,386	170,133	Premium - Health Home Kick	1,245,717	-	1,245,717
129,571	-	129,571	Premium - Provider Enhancement	135,285,809	122,250,635	13,035,174
15,759,913	12,671,587	3,088,326	Premium - Ground Emergency Medical Transportation			
			Total Title XIX - Medicaid - SPD Members			

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED OCTOBER 31, 2019				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
2,646,253	2,940,155	293,902	28,342,228	29,197,408	855,180
9,338,672	9,243,434	(95,238)	96,504,342	92,020,750	(4,483,592)
1,291,815	1,373,512	81,697	14,031,853	13,630,335	(401,518)
9,300	9,300	-	91,200	91,200	-
13,286,040	13,566,401	280,361	138,969,623	134,939,694	(4,029,929)
PHYSICIAN SERVICES					
Primary Care Physician Services					
249,466	263,061	13,595	2,481,261	2,612,256	130,995
184,517	183,437	(1,080)	1,696,920	1,834,370	137,450
564,839	537,736	(27,103)	5,032,674	5,377,357	344,683
10,853	101,420	(9,433)	835,790	1,014,202	178,412
107,452	101,142	(6,310)	936,290	947,466	11,176
83,560	87,826	4,266	808,623	878,264	69,641
73,331	85,846	12,515	584,424	858,456	274,032
251,521	228,318	(23,203)	2,042,162	2,147,938	105,776
58,878	55,990	(2,888)	539,252	559,897	20,645
1,250,286	655,982	(594,304)	10,771,637	6,532,848	(4,238,789)
160,702	162,561	1,859	1,451,500	1,616,844	165,344
1,387,864	1,043,436	(344,428)	11,422,998	10,393,684	(1,029,314)
4,483,269	3,506,757	(976,512)	38,603,531	34,773,581	(3,829,950)
5,571,836	4,609,610	(962,226)	49,431,238	45,804,075	(3,627,163)
14,951,334	13,597,772	(1,353,562)	137,922,171	135,456,289	(2,465,882)
127,228	127,538	310	1,265,279	1,266,203	924
6,128,586	5,718,367	(410,219)	62,423,694	56,956,063	(5,467,631)
TOTAL OTHER PROFESSIONAL SERVICES					
EMERGENCY ROOM					
INPATIENT HOSPITAL					
REINSURANCE EXPENSE PREMIUM					
OUTPATIENT HOSPITAL SERVICES					
OTHER MEDICAL					
1,157,075	1,226,282	69,207	14,945,057	12,189,676	(2,755,381)
418,297	293,053	(125,244)	3,754,508	2,921,023	(833,485)
286,439	445,761	159,322	2,445,254	4,457,576	2,012,322
501,269	781,880	280,611	9,709,715	7,804,790	(1,904,925)
-	62,844	62,844	-	623,915	623,915
2,819,933	1,113,004	(1,706,929)	29,304,791	11,062,167	(18,242,624)
441,128	-	(441,128)	4,363,049	-	(4,363,049)
208,120	212,568	4,448	586,225	849,456	263,231
5,832,261	4,135,391	(1,696,870)	65,108,599	39,908,605	(25,199,994)
TOTAL OTHER MEDICAL					
PHARMACY SERVICES					
RX - Drugs & OTC					
8,882,774	8,409,067	(473,707)	83,187,670	83,799,954	612,284
542,409	833,045	290,636	4,986,885	8,322,658	3,335,773
544,571	601,515	56,944	6,615,950	5,998,292	(617,658)
(134,999)	(145,929)	(10,930)	(1,510,348)	(1,458,059)	52,289
9,834,755	9,697,698	(137,057)	93,280,157	96,662,845	3,382,688
502,078	500,150	(1,928)	4,978,854	4,965,500	(13,354)
-	-	-	-	-	-
(5,919)	-	5,919	985,671	-	(985,671)
20,741	-	(20,741)	(6,059,931)	-	6,059,931
60,732,209	55,459,684	(5,272,525)	586,908,886	550,732,853	(36,176,033)
Total Medical Costs					

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED OCTOBER 31, 2019				YEAR-TO-DATE	
ACTUAL	CURRENT MONTH BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
PHYSICIAN SERVICES					
10.54	11.76	1.22	11.39	11.76	0.38
37.20	36.96	(0.24)	38.77	37.06	(1.70)
5.15	5.49	0.35	5.64	5.49	(0.15)
0.04	0.04	0.00	0.04	0.04	0.00
52.92	54.25	1.33	55.82	54.35	(1.47)
OTHER PROFESSIONAL SERVICES					
0.99	1.05	0.06	1.00	1.05	0.06
0.74	0.73	(0.00)	0.68	0.74	0.06
2.25	2.15	(0.10)	2.02	2.17	0.14
0.44	0.41	(0.04)	0.34	0.41	0.07
0.43	0.40	(0.02)	0.38	0.38	0.01
0.33	0.35	0.02	0.32	0.35	0.03
0.29	0.34	0.05	0.23	0.35	0.11
1.00	0.91	(0.09)	0.82	0.87	0.04
0.23	0.22	(0.01)	0.22	0.23	0.01
4.98	2.62	(2.36)	4.33	2.63	(1.70)
0.64	0.65	0.01	0.58	0.65	0.07
5.53	4.17	(1.36)	4.59	4.19	(0.40)
17.86	14.02	(3.84)	15.51	14.01	(1.50)
22.20	18.43	(3.76)	19.86	18.45	(1.41)
59.56	54.37	(5.18)	55.40	54.56	(0.84)
0.51	0.51	0.00	0.51	0.51	0.00
24.41	22.87	(1.55)	25.08	22.94	(2.13)
OTHER MEDICAL					
4.61	4.90	0.29	6.00	4.91	(1.09)
1.67	1.17	(0.49)	1.51	1.18	(0.33)
1.14	1.78	0.64	0.98	1.80	0.81
2.00	3.13	1.13	3.90	3.14	(0.76)
0.00	0.25	0.25	0.00	0.25	0.25
11.23	4.45	(6.78)	11.77	4.46	(7.32)
0.83	0.85	0.02	0.24	0.34	0.11
21.48	16.54	(4.94)	24.40	16.07	(8.33)
PHARMACY SERVICES					
35.38	33.63	(1.76)	33.42	33.75	0.34
2.16	3.33	1.17	2.00	3.35	1.35
2.17	2.41	0.24	2.66	2.42	(0.24)
(0.54)	(0.58)	(0.05)	(0.61)	(0.59)	0.02
39.18	38.78	(0.40)	37.47	38.93	1.46
2.00	2.00	0.00	2.00	2.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
-0.02	0.00	0.02	0.40	0.00	(0.40)
0.08	0.00	(0.08)	(2.43)	0.00	2.43
241.92	221.77	(20.15)	235.76	221.82	(13.94)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH OCTOBER 31, 2019	PHYSICIAN SERVICES											YEAR TO DATE 2019
	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	OCTOBER 2019		
Primary Care Physician Services	2,852,332	3,204,444	2,651,133	2,878,106	3,132,132	2,545,597	2,781,460	2,938,482	2,722,289	2,646,253	28,342,228	
Referral Specialty Services	9,061,015	8,391,359	10,769,936	10,831,475	9,485,042	9,590,131	10,169,879	9,066,225	9,301,608	9,338,672	96,504,342	
Urgent Care & After Hours Advice	1,290,451	1,663,998	1,972,243	2,167,355	1,427,909	1,323,687	952,073	1,511,575	1,431,047	1,291,815	14,031,853	
Hospital Admitting Team	9,300	9,300	9,300	9,000	9,300	9,000	9,300	-	18,300	9,300	91,200	
TOTAL PHYSICIAN SERVICES	13,212,798	13,768,201	15,391,612	15,995,936	14,054,383	13,468,415	13,912,712	13,516,282	12,473,244	13,286,040	138,969,623	
OTHER PROFESSIONAL SERVICES												
VISION Services Capitalization	245,365	245,148	247,101	247,836	248,254	248,349	248,349	253,443	247,950	249,466	2,481,261	
221 - Business Intelligence	164,801	159,928	165,714	159,920	159,920	153,193	175,034	170,878	183,756	184,517	1,696,920	
310 - Health Services - Utilization Management - UM Allocation *	510,943	470,395	478,085	554,978	465,516	499,835	499,835	499,835	481,950	564,839	5,032,674	
311 - Health Services - Quality Improvement - UM Allocation *	80,526	68,819	76,184	80,362	91,692	80,362	94,087	85,902	110,853	110,853	835,790	
312 - Health Services - Education - UM Allocation *	93,216	78,571	86,664	88,902	99,085	93,588	96,891	92,854	99,067	107,452	936,290	
313 - Health Services - Pharmacy - UM Allocation *	82,748	75,645	78,387	78,499	90,596	79,958	81,527	79,558	78,148	83,560	808,623	
314 - Health Homes - UM Allocation *	49,343	44,522	45,105	49,071	60,500	48,781	69,152	69,974	71,645	73,331	584,424	
315 - Case Management - UM Allocation *	190,992	177,760	187,111	180,813	202,905	171,694	213,229	223,417	171,694	251,521	2,042,162	
616 - Disease Management - UM Allocation *	54,419	48,934	50,373	52,495	58,437	49,786	56,930	54,032	54,968	58,878	539,252	
Behavior - Health Treatment	638,864	831,512	952,302	950,988	1,250,610	1,668,762	1,071,604	1,051,356	1,105,353	1,250,286	10,771,637	
Mental Health Services	212,968	183,744	127,778	168,412	89,339	127,147	129,222	105,793	96,395	160,702	1,451,500	
Other Professional Services	1,090,436	1,063,534	1,162,244	1,149,925	1,035,427	1,150,406	1,113,785	1,103,870	1,165,507	1,387,864	11,422,998	
TOTAL OTHER PROFESSIONAL SERVICES	3,414,621	3,447,281	3,652,683	3,718,600	3,960,952	4,388,042	3,849,695	3,775,027	3,913,361	4,483,269	38,603,531	
EMERGENCY ROOM	4,459,099	4,710,529	4,835,728	5,525,268	5,106,796	4,698,111	5,181,359	4,645,061	4,697,451	5,571,836	49,431,238	
INPATIENT HOSPITAL	12,961,386	12,906,122	13,546,028	12,850,017	12,181,510	14,390,451	13,332,634	15,238,630	15,564,329	14,951,334	137,922,171	
REINSURANCE EXPENSE PREMIUM	125,136	126,036	126,021	126,397	126,609	126,658	126,658	129,256	126,229	127,228	1,265,279	
OUTPATIENT HOSPITAL SERVICES	5,414,223	6,037,448	6,885,177	6,373,571	6,408,304	5,912,776	6,609,411	6,523,398	6,130,800	6,128,586	62,423,694	
OTHER MEDICAL												
Ambulance and NEMT	1,146,157	2,536,809	1,948,589	1,685,378	2,206,229	(475,625)	1,391,507	1,411,959	1,936,979	1,157,075	14,945,057	
Home Health Services & CBAS	495,461	155,156	325,629	357,818	542,991	322,679	463,230	382,399	290,848	(418,297)	3,754,508	
Utilization and Quality Review Expenses	248,953	93,464	298,591	165,524	165,956	222,833	297,114	251,593	345,187	286,439	2,445,254	
Long Term/SNF/Hospice	944,616	1,180,282	999,537	904,186	1,043,600	755,531	594,397	1,385,020	1,401,277	501,269	9,709,715	
Enhanced Medical Benefits	-	-	-	-	-	-	-	-	-	-	-	
Provider Enhancement Expense - Promp, S6	2,729,133	2,889,012	2,876,190	2,959,111	3,224,940	3,027,126	3,314,758	2,571,469	2,893,119	2,819,933	29,304,791	
Provider Enhancement Expense - GEMT	-	-	-	-	-	2,505,003	521,009	449,400	446,419	441,128	4,363,049	
Home Health Capitalized Medical Expense	-	-	-	-	-	-	133,790	(11,940)	256,255	208,120	586,225	
TOTAL OTHER MEDICAL	5,564,320	6,854,723	6,448,536	6,141,817	7,183,716	6,357,547	6,715,805	6,439,790	7,570,084	5,832,261	65,108,599	
PHARMACY SERVICES												
RX - Drugs & OTC	8,596,061	7,864,931	8,712,771	8,110,525	8,527,200	7,615,766	8,300,890	8,472,076	8,104,656	8,882,774	83,187,670	
RX - IFP-C	542,465	579,505	435,632	674,227	604,476	428,028	298,729	402,097	479,317	542,409	4,986,885	
RX - DMIE	647,574	722,044	706,209	649,024	732,945	600,019	718,827	597,805	696,932	544,571	6,615,950	
RX - Pharmacy Rebates	(173,400)	(133,200)	(183,400)	(140,000)	(205,348)	(135,000)	(135,000)	(135,000)	(135,000)	(134,999)	(1,510,348)	
TOTAL PHARMACY SERVICES	9,612,700	9,033,300	9,671,212	9,293,776	9,659,273	8,508,813	9,183,446	9,336,978	9,145,904	9,834,755	93,280,157	
PAY FOR PERFORMANCE QUALITY INCENTIVE	-	-	-	-	-	-	-	-	-	-	-	
EXPANSION RISK CORRIDOR	-	-	-	-	-	-	-	-	-	-	-	
NON-CLAIMS EXPENSE ADJUSTMENT	197,435	367,246	324,378	(736,017)	39,610	756,640	19,252	11,717	11,329	(5,919)	985,671	
IBNR INCENTIVE AND PAID CLAIMS ADJUSTMENT	(659,783)	4,381,620	(3,435,856)	(2,087,231)	(704,885)	(704,885)	(350,851)	202,480	374,161	20,741	(6,059,931)	
Total Medical Costs	54,793,595	62,125,698	67,566,720	56,256,017	57,130,620	58,404,360	59,078,881	60,317,281	60,509,505	60,732,209	586,908,886	

KERN HEALTH SYSTEMS MEDICAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH OCTOBER 31, 2019	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	OCTOBER 2019	YEAR TO DATE 2019
PHYSICIAN SERVICES											
Primary Care Physician Services	11.60	12.97	10.66	11.59	12.61	10.15	11.15	11.78	10.83	10.54	11.39
Referral Specialty Services	36.86	35.98	43.45	43.63	38.19	38.22	40.78	36.34	37.02	37.20	38.77
Urgent Care & After Hours Advise	5.25	8.75	7.96	8.73	5.75	5.28	3.82	6.06	1.72	5.15	5.64
Hospital Admitting Team	0.04	0.03	0.04	0.04	0.04	0.04	0.04	0.00	0.07	0.04	0.04
TOTAL PHYSICIAN SERVICES	53.75	55.72	62.10	63.99	56.59	53.68	55.79	54.18	49.64	52.92	55.82
OTHER PROFESSIONAL SERVICES											
Vision Service Capitation	1.00	0.99	1.00	1.00	1.00	0.99	1.00	1.02	0.99	0.99	1.00
221 - Business Intelligence	0.67	0.65	0.67	0.64	0.64	0.61	0.70	0.68	0.73	0.74	0.68
310 - Health Services - Utilization Management - UM Allocation *	2.08	1.90	1.93	2.08	2.23	1.86	2.00	1.97	1.92	2.25	2.02
311 - Health Services - Quality Improvement - UM Allocation *	0.33	0.27	0.28	0.31	0.37	0.32	0.38	0.32	0.34	0.44	0.34
312 - Health Services - Education - UM Allocation *	0.38	0.32	0.35	0.36	0.40	0.37	0.39	0.37	0.39	0.43	0.38
313 - Health Services - Pharmacy - UM Allocation *	0.34	0.31	0.32	0.32	0.36	0.32	0.33	0.32	0.31	0.33	0.32
314 - Health Homes - UM Allocation *	0.20	0.18	0.19	0.20	0.24	0.19	0.28	0.28	0.29	0.29	0.23
315 - Case Management - UM Allocation *	0.78	0.72	0.75	0.73	0.82	0.68	0.86	0.90	0.97	1.00	0.82
616 - Disease Management - UM Allocation *	0.22	0.20	0.20	0.21	0.24	0.20	0.22	0.22	0.22	0.23	0.22
Behavior Health Treatment	2.60	3.37	3.84	3.83	5.04	6.65	4.30	4.21	4.40	4.98	4.33
Mental Health Services	0.87	0.74	0.52	0.68	0.36	0.71	0.52	0.42	0.38	0.64	0.58
Other Professional Services	4.44	4.30	4.69	4.63	4.17	4.59	4.47	4.42	4.64	5.53	4.59
TOTAL OTHER PROFESSIONAL SERVICES	13.89	13.95	14.74	14.98	15.95	17.49	15.44	15.13	15.57	17.86	15.51
EMERGENCY ROOM	18.14	19.06	19.51	22.26	20.56	20.78	18.73	18.62	18.69	22.20	19.86
INPATIENT HOSPITAL	52.72	52.23	54.66	51.76	49.05	57.36	53.46	61.08	61.94	59.56	55.40
REINSURANCE EXPENSE PREMIUM	0.51	0.51	0.51	0.51	0.51	0.50	0.51	0.52	0.50	0.51	0.51
OUTPATIENT HOSPITAL SERVICES	22.02	24.43	27.78	25.67	25.80	23.57	26.50	26.15	24.40	24.41	25.08
OTHER MEDICAL											
Ambulance and NEMT	4.66	10.27	7.86	6.79	8.88	(1.90)	5.58	5.66	7.71	4.61	6.00
Home Health Services & CBAS	2.02	0.63	1.31	1.44	2.19	1.29	1.86	1.53	1.16	1.67	1.51
Utilization and Quality Review Expenses	1.01	0.38	1.20	0.95	0.67	0.89	1.19	1.01	1.37	1.14	0.98
Long Term/SNF/Hospice	3.84	4.78	4.03	3.64	4.20	3.01	2.38	5.55	5.58	2.00	3.90
Enhanced Medical Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provider Enhancement Expense - Prop. 56	11.10	11.69	11.61	11.92	12.99	12.07	13.29	10.31	11.51	11.23	11.77
Provider Enhancement Expense - GEMT	0.00	0.00	0.00	0.00	0.00	9.98	2.09	1.80	1.78	1.76	1.75
Home Health Capitated Medical Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.54	(0.05)	1.02	0.83	0.24
TOTAL OTHER MEDICAL	22.63	27.74	26.02	24.74	28.93	25.34	26.93	25.81	30.13	23.23	26.15
PHARMACY SERVICES											
RX - Drugs & OTC	34.97	31.83	35.16	32.67	34.34	30.35	33.29	33.96	32.25	35.38	33.42
RX - HEP-C	2.21	2.35	1.76	2.72	2.43	1.71	1.20	1.61	1.91	2.16	2.00
Rx - DME	2.63	2.92	2.85	2.61	2.95	2.39	2.88	2.40	2.77	2.17	2.66
RX - Pharmacy Rebates	(0.71)	(0.54)	(0.74)	(0.56)	(0.83)	(0.54)	(0.54)	(0.54)	(0.54)	(0.54)	(0.61)
TOTAL PHARMACY SERVICES	39.10	36.56	39.02	37.44	38.89	33.91	36.83	37.43	36.40	39.18	37.47
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
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
NON-CLAIMS EXPENSE ADJUSTMENT	0.80	1.49	1.31	(2.96)	0.16	3.02	0.08	0.05	0.05	(0.02)	0.40
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2.68)	17.73	(15.37)	(13.80)	(8.40)	(2.81)	(1.41)	0.81	1.49	0.08	(2.43)
Total Medical Costs	222.89	251.42	232.28	226.58	230.04	232.78	236.90	241.79	240.81	241.92	235.76

CURRENT MONTH		YEAR-TO-DATE	
ACTUAL	BUDGET	ACTUAL	BUDGET
VARIANCE		VARIANCE	
KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED OCTOBER 31, 2019			
303,089	258,313	2,545,421	2,583,131
	(44,776)		37,710
162,449	158,993	1,500,851	1,589,920
	(3,456)		89,069
529,619	617,732	5,470,667	6,177,319
	88,113		706,652
27,255	18,734	202,180	187,340
	(8,521)		(14,840)
305,887	338,858	2,496,397	3,388,563
	32,971		892,166
558,051	476,396	5,090,352	4,775,431
	(81,655)		(314,921)
103,538	109,760	969,961	1,097,595
	6,222		127,634
120,817	96,311	932,190	963,112
	(24,506)		30,922
39,669	33,552	272,928	337,699
	(6,117)		64,771
1,208	500	1,995	2,525
	(708)		530
151,841	124,982	1,333,512	1,231,916
	(26,859)		(101,596)
1,984	500	2,000	5,000
	(1,484)		3,000
17,443	14,574	132,076	137,252
	(2,869)		5,176
23,003	20,738	202,012	207,377
	(2,265)		5,365
281,230	247,979	2,251,571	2,459,543
	(33,251)		207,972
514,221	540,167	4,541,283	5,184,640
	25,946		643,357
683,477	480,159	4,420,515	4,293,781
	(203,318)		(126,734)
218,033	62,743	692,502	627,430
	(155,290)		(65,072)
86,310	64,502	524,873	644,996
	(21,808)		120,123
90,626	64,751	529,839	647,502
	(25,875)		117,663
200,191	197,194	1,684,391	1,946,396
	(2,997)		262,004
-	(203,120)	-	(2,035,280)
	(203,120)		(2,035,280)
4,419,941	3,724,318	35,797,516	36,453,188
	(695,623)		655,672

KERN HEALTH SYSTEMS MEDI-CAL	JANUARY 2019	FEBRUARY 2019	MARCH 2019	APRIL 2019	MAY 2019	JUNE 2019	JULY 2019	AUGUST 2019	SEPTEMBER 2019	OCTOBER 2019	YEAR TO DATE 2019
SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED OCTOBER 31, 2019											
110 - Executive	298,677	186,923	234,566	285,108	195,373	232,632	306,695	277,744	224,614	303,089	2,545,421
210 - Accounting	149,967	127,374	139,032	134,888	155,814	168,405	155,423	156,051	151,448	162,449	1,500,851
220 - Management Information Systems (MIS)	401,536	495,303	640,543	523,161	645,579	477,994	560,302	493,454	703,176	529,619	5,470,667
221 - Business Intelligence	205	10,000	50,100	20,600	22,857	11,091	30,894	20,178	9,000	27,255	202,180
225 - Infrastructure	255,998	238,858	247,310	245,403	301,083	200,444	238,149	142,044	321,221	305,887	2,496,397
230 - Claims	510,558	444,621	505,751	502,157	539,033	558,994	474,925	521,346	474,916	558,051	5,090,352
240 - Project Management	85,314	84,072	96,834	89,192	86,052	93,268	118,697	94,904	118,090	103,538	969,961
310 - Health Services - Utilization Management	86,447	91,228	95,142	84,999	92,899	78,445	90,324	92,549	99,340	120,817	932,190
311 - Health Services - Quality Improvement	25,633	21,530	22,707	23,865	28,960	26,561	30,312	25,507	28,184	39,669	272,928
312 - Health Services - Education	23	612	(5)	15,883	(15,754)	-	28	361	(361)	1,208	1,995
313 - Pharmacy	127,668	124,298	159,313	125,311	127,589	27,151	217,824	137,352	135,165	151,841	1,333,512
314 - Health Homes	556	(556)	(398)	-	18	-	228	168	-	1,984	2,000
315 - Case Management	12,191	11,347	11,943	11,541	13,230	10,958	13,670	14,260	15,493	17,443	132,076
616 - Disease Management	20,405	18,247	18,631	19,416	21,808	18,412	21,057	19,984	21,049	23,003	202,012
320 - Provider Network Management	267,760	126,987	223,524	244,955	235,564	211,875	223,120	221,422	215,134	281,230	2,251,571
330 - Member Services	470,954	389,538	441,753	485,966	477,021	424,507	447,582	443,020	446,721	514,221	4,541,283
340 - Corporate Services	319,181	347,539	396,534	356,340	364,405	386,714	428,213	522,449	615,663	683,477	4,420,515
360 - Audit & Investigative Services	57,536	55,624	51,626	53,495	53,208	47,245	50,075	49,354	56,306	218,033	692,502
410 - Advertising Media	24,987	11,283	34,440	62,712	108,984	61,286	23,752	33,490	77,629	86,310	524,873
420 - Sales/Marketing/Public Relations	48,311	41,979	43,514	48,369	48,141	44,213	44,029	68,783	51,874	90,626	529,839
510 - Human Resources	211,647	111,757	134,617	147,600	152,127	176,288	166,504	216,145	167,515	200,191	1,684,391
Total Department Expenses	3,375,554	2,938,564	3,547,477	3,480,961	3,653,991	3,256,483	3,641,803	3,550,565	3,932,177	4,419,941	35,797,516

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

ASSETS	OCTOBER 2019	SEPTEMBER 2019	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,477,851	\$ 1,468,921	8,930
Interest Receivable	2,970	8,549	(5,579)
Prepaid Expenses & Other Current Assets	6,667	7,500	(833)
TOTAL CURRENT ASSETS	\$ 1,487,488	\$ 1,484,970	\$ 2,518

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:			
Accounts Payable	269,453	269,453	-
Other Liabilities	94,396	94,396	-
TOTAL CURRENT LIABILITIES	\$ 363,849	\$ 363,849	\$ -

NET POSITION:

Net Position- Beg. of Year	1,100,538	1,100,538	-
Increase (Decrease) in Net Position - Current Year	23,101	20,583	2,518
Total Net Position	\$ 1,123,639	\$ 1,121,121	\$ 2,518
TOTAL LIABILITIES AND NET POSITION	\$ 1,487,488	\$ 1,484,970	\$ 2,518

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED OCTOBER 31, 2019	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
3,351	-	3,351	Interest	30,084	-	30,084
-	-	-	Other Investment Income	1,350	-	1,350
3,351	-	3,351	TOTAL REVENUES	31,434	-	31,434
EXPENSES						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
3,351	-	3,351	GROSS MARGIN	31,434	-	31,434
833	-	(833)	Administrative Management Fee Expense and Other Admin Exp	8,333	-	(8,333)
833	-	(833)	Total Administrative Expenses	8,333	-	(8,333)
833	-	(833)	TOTAL EXPENSES	8,333	-	(8,333)
2,518	-	2,518	OPERATING INCOME (LOSS)	23,101	-	23,101
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
2,518	-	2,518	NET INCREASE (DECREASE) IN NET POSITION	23,101	-	23,101
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	27%	0%	-27%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

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	33,921	33,871	33,184	0	0	0	0	0	0	0	0
REFUGEE - FAMILY	0	0	0	0	0	0	0	0	0	0	0	0
FOSTER CARE	720	699	712	776	0	0	0	0	0	0	0	0
POVERTY-133/200%	1	1	1	1	0	0	0	0	0	0	0	0
MI - CHILD	108,363	109,594	110,076	110,865	0	0	0	0	0	0	0	0
CHILD-ACA	41	40	13	15	0	0	0	0	0	0	0	0
FAMILY - UNDER 19	22,145	22,131	22,194	22,160	0	0	0	0	0	0	0	0
ADULT	0	0	0	0	43,788	44,339	43,865	43,889	43,994	43,761	43,761	43,761
CHILD	0	0	0	0	123,066	123,784	123,076	122,740	123,590	123,349	123,349	123,349
SUB-TOTAL ADULT & FAMILY	165,796	166,386	166,867	167,002	166,854	168,123	166,941	166,629	167,584	167,110	167,110	167,110

	135,502
	1
	2,907
	4
	438,898
	109
	88,630
	263,636
	739,605
	1,669,292

	JAN'19	FEB'19	MAR'19	APR'19	MAY'19	JUN'19	JUL'19	AUG'19	SEP'19	OCT'19	NOV'19	DEC'19
MEDICAL EXPANSION												
LHP Transition Pre-ACA	5	5	5	0	0	0	0	0	0	0	0	0
ACA Expansion Adult-Citizen	58,680	59,344	59,219	59,554	59,527	60,505	60,101	60,282	60,969	61,091	61,091	61,091
ACA Expansion CAL Fresh Adult	4	4	3	2	0	0	0	0	0	0	0	0
ACA Expansion Duals	440	465	446	412	401	442	427	396	314	264	264	264
SUB-TOTAL MANDATORY	59,129	59,818	59,673	59,968	59,928	60,947	60,528	60,678	61,283	61,355	61,355	61,355

	15
	599,272
	13
	4,007
	603,307

SDP MEMBERS

SSI-AGED	182	197	181	198	0	0	0	0	0	0	0	0
MN - AGED	1,621	1,623	1,623	1,633	0	0	0	0	0	0	0	0
SSI - BLIND & DIS-ABLED	12,333	12,191	12,680	12,402	0	0	0	0	0	0	0	0
MN - BLIND & DIS-ABLED	449	502	441	519	0	0	0	0	0	0	0	0
SPD (AGED AND DISABLED)	0	0	0	0	14,956	15,103	15,264	15,270	15,300	15,454	15,454	15,454
SUB-TOTAL MANDATORY SPD	14,585	14,513	14,925	14,752	14,958	15,103	15,264	15,270	15,300	15,454	15,454	15,454

TOTAL MANDATORY

	239,510	240,717	241,465	241,722	241,740	244,173	242,733	242,577	244,167	243,919	243,919	243,919
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OTHER MEMBERS

BCCTP-TOBACCO SETTLEMENT	23	25	22	22	22	22	22	21	24	23	23	23
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DUALS

PA - FAMILY DUALS	18	30	24	30	0	0	0	0	0	0	0	0
PART D SSI-AGED	838	821	832	851	0	0	0	0	0	0	0	0
PART D MN - AGED	1,510	1,559	1,564	1,669	0	0	0	0	0	0	0	0
PART D SSI - BLIND & DIS-ABLED	2,471	2,490	2,531	2,481	0	0	0	0	0	0	0	0
PART D MN - BLIND & DIS-ABLED	1,082	1,049	1,003	1,042	0	0	0	0	0	0	0	0
PART D BCCTP-TOBACCO SETTLEMENT	1	1	1	2	1	1	1	1	1	1	1	1
PART D MI - CHILD	377	409	394	435	0	0	0	0	0	0	0	0
PARTIAL DUALS - FAMILY	0	0	0	0	435	453	448	448	520	437	437	437
SPD FULL DUALS	0	0	0	0	6,151	6,247	6,176	6,419	6,565	6,656	6,656	6,656
SUB-TOTAL DUALS	6,297	6,359	6,349	6,510	6,587	6,701	6,625	6,868	7,086	7,097	7,097	7,097

TOTAL OTHERS

	6,320	6,384	6,371	6,532	6,609	6,723	6,647	6,889	7,110	7,120	7,120	7,120
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TOTAL KAISER

	8,329	8,385	8,394	8,411	8,557	8,609	8,668	8,758	8,858	8,911	8,911	8,911
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TOTAL MEDI-CAL MEMBERS

	254,159	255,486	256,230	256,665	256,906	259,505	258,048	259,224	260,135	259,950	259,950	259,950
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SEPTEMBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4290	S.C. ANDERSON, INC.	962,508.86	14,091,407.36	JULY CONSTRUCTION SERVICES - NEW BUILDING	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	424,249.69	3,813,141.96	SEPTEMBER EMPLOYEE HEALTH BENEFITS	VARIOUS
T1071	CLINICA SIERRA VISTA	174,565.08	264,453.08	DEC.2018- MAY 2019 EMERGENCY ROOM DIVERSION GRANT	COMMUNITY GRANT
T4265	SIERRA SCHOOL EQUIPMENT COMPANY	119,896.62	153,835.52	NEW BUILDING FURNITURE BOARD ROOM & EMPLOYEE LOUNGE	CORPORATE SERVICES
T2726	DST PHARMACY SOLUTIONS, INC.	116,962.38	949,267.23	AUGUST PHARMACY AND CLAIMS PROCESSING	PHARMACY
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	116,679.21	511,629.28	AUG. & SEPT. VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS
T4982	NGC US, LLC	98,010.99	469,014.57	PREFUND HEALTH HOMES & HEALTH ED INCENTIVES	VARIOUS
T4237	FLUIDEDGE CONSULTING, INC.	71,345.00	1,436,542.54	AUGUST CONSULTING SERVICES TO UPDATE STANDARD BUSINESS REPORTING	VARIOUS
T4466	SMOOTH MOVE USA	60,834.00	60,834.00	AUG. & SEPT. MOVING EXPENSES	CORPORATE SERVICES
T2969	AMERICAN BUSINESS MACHINES INC	46,824.22	72,538.11	4 -NEW COPIERS & SEPT. SUPPORT AND MAINTENANCE	MIS INFRASTRUCTURE
T2562	CACTUS SOFTWARE LLC	45,825.00	45,825.00	ANNUAL SOFTWARE UPGRADE RENEWAL OF LICENSE	CAPITAL PROJECT IN PROCESS
T4582	HEALTHX, INC.	40,376.00	384,944.00	SEPTEMBER - MONTHLY PORTAL SUBSCRIPTION FEES	MIS INFRASTRUCTURE
T2918	STINSON'S	35,101.27	133,923.55	NAME PLATES FOR CUBICLES AT NEW BUILDING	CAPITAL PROJECT - NEW BUILDING



SEPTEMBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2458	HEALTHCARE FINANCIAL, INC.	30,000.00	34,000.00	JULY PROFESSIONAL SERVICES	ADMINISTRATION
T4546	LEVEL 3 COMMUNICATIONS, LLC	29,911.56	228,839.65	SEPT. DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T5026	TEL-TEC SECURITY SYSTEMS	28,726.63	264,872.94	INSTALLATION OF BURGLAR SECURITY SYSTEM - PHASE I	CAPITAL PROJECT - NEW BUILDING
T4350	COMPUTER ENTERPRISE INC.	28,224.04	2,245,688.60	JUL. & AUG. CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS/MIS
T5111	ENTISYS 360	27,902.40	37,900.76	ANNUAL FEE FOR PROFESSIONAL SERVICES/CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS/MIS
T4308	TRUXTUN PLACE PARTNERS	26,523.00	304,376.74	SEPTEMBER TRUXTUN- LEASE & UTILITIES	CORPORATE SERVICES
T1189	APPLE ONE INC,	25,283.83	309,983.84	AUG. & SEPT.TEMPORARY HELP - (4) MIS, (2) MS, (1) CS, (1) HE.	VARIOUS
T2965	VITAL SIGNS OF BAKERSFIELD	23,917.24	38,917.74	MONUMENT SIGN & INSTALLATION	CAPITAL PROJECT - NEW BUILDING
T3011	OFFICE ALLY, INC.	23,505.75	199,503.50	AUG. EDI CLAIM PROCESSING	CLAIMS
T4967	ADMINISTRATIVE SOLUTIONS, INC.	23,451.16	149,682.28	AUG. & SEPT. EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	VARIOUS
T4460	PAYSPAN, INC	22,015.88	177,582.28	AUG. EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	20,670.00	87,620.00	AUG. PROFESSIONAL SERVICES - NETWORKX MODELER AND PRICER	UTILIZATION MANAGEMENT
T4733	UNITED STAFFING ASSOCIATES	19,895.47	93,903.24	TEMPORARY HELP (2) MS	MEMBER SERVICES
T4165	SHI INTERNATIONAL CO.	19,285.25	486,904.43	ANNUAL SOLARWIND MAINTENANCE & SEPT. CONSULTING FEES	VARIOUS



SEPTEMBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1861	CEREDIAN BENEFITS SERVICES	18,079.75	148,914.80	TRAINING WORKSHOP & JULY DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T5128	STANDARD SCHOOL DISTRICT****	18,000.00	18,000.00	1ST PAYMENT - 50% SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4585	DELANO UNION SCHOOL DISTRICT	17,500.00	19,500.00	1ST PAYMENT - 50% SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS****	17,500.00	17,500.00	1ST PAYMENT - 50% SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4991	FANELLIPM	17,000.00	75,230.00	AUG. PROFESIONAL SERVICES-RELOCATION MANAGEMENT	PROJECT MANAGEMENT
T4538	CHANGE HEALTHCARE TECHNOLOGIES, LLC	15,673.91	94,830.34	AUGUST EDI CLAIMS PROCESSING	CLAIMS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	15,223.30	334,638.10	AUG. OCR SERVICES	CLAIMS
T4961	AEROTEK SCIENTIFIC, LLC	14,562.90	75,475.17	AUG. -ONSITE SECURITY	CORPORATE SERVICES
T5078	SJS BUILDING MAINTENANCE & SUPPLIES	11,670.00	66,322.62	AUG. JANITORIAL SERVICES	CORPORATE SERVICES
T1005	COLONIAL LIFE & ACCIDENT	11,359.38	103,861.96	AUG - EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T4563	SPH ANALYTICS	11,041.20	65,200.00	2019 CAHPS SIMULATION SURVEY	MEMBER SERVICES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	10,986.96	374,010.15	AUG. PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T5137	FSO HEALTHY DATA SYSTEMS.COM****	10,500.00	10,500.00	IMPLEMENTATION & LICENSING OF SOFTWARE TOOL FOR DHCS- FSR	QUALITY IMPROVEMENT



SEPTEMBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4396	KAISER FOUNDATION HEALTH-DHMO	10,156.88	183,374.53	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4476	KERN PARTNERSHIP FOR CHILDREN ANI	10,000.00	12,000.00	SPONSORSHIP OF GATSBY GALA - COMMUNITY ACTIVITIES	MARKETING
		<u>2,861,744.81</u>			
	TOTAL VENDORS OVER \$10,000	2,861,744.81			
	TOTAL VENDORS UNDER \$10,000	245,741.91			
	TOTAL VENDOR EXPENSES- SEPT.	<u>3,107,486.72</u>			

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4290	S.C. ANDERSON, INC.	14,091,407.36	NEW BUILDING CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	3,813,141.96	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	2,245,688.60	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS/ MIS
T4237	FLUIDEDGE CONSULTING, INC.	1,436,542.54	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING AND CORPORATE PROJECTS	VARIOUS
T4699	ZeOMEGA, INC.	1,229,442.74	2019 ANNUAL LICENSE AND MAINTENANCE / PROFESSIONAL SERVICES - MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T2726	DST PHARMACY SOLUTIONS, INC.	949,267.23	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	887,439.63	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT - NEW BUILDING
T3130	OPTUMINSIGHT, INC.	871,927.00	2018/2019 CES DIRECT LICENSE - ANNUAL FEE / OUTSOURCED ANALYSIS	VARIOUS
T4391	OMNI FAMILY HEALTH	743,348.44	HEALTH HOME GRANTS	COMMUNITY GRANTS
T1001	KERN MEDICAL CENTER	705,918.51	HEALTH HOME GRANTS	COMMUNITY GRANTS
T2704	MCG HEALTH LLC	623,873.90	ANNUAL SOFTWARE LICENSE - HEALTH CARE MANAGEMENT	UTILIZATION MANAGEMENT
T3449	CDW GOVERNMENT	549,963.47	FORTINET FORTGATE FIREWALL APPLIANCES, LICENSES, AND SUPPORT	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	511,629.28	VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS
T4483	INFUSION AND CLINICAL SERVICES, INC.	505,369.05	HEALTH HOME GRANTS	COMMUNITY GRANTS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4165	SHI INTERNATIONAL CO.	486,904.43	MAINTENANCE SUPPORT/STORAGE MAINTENANCE/HARDWARE	VARIOUS
T4982	NGC US, LLC	469,014.57	PREFUND HEALTH HOMES INCENTIVE, MEMBER SERVICES SATISFACTION SURVEY INCENTIVES, HEALTH EDUCATION INCENTIVES	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	426,915.38	2019/2020 INSURANCE RENEWALS	VARIOUS
T4696	ZNALYTICS, LLC	423,430.00	CONSULTING SERVICES	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T5015	SENTINEL ENGINEERING	412,813.48	HARDWARE, SOFTWARE, LICENSING AND SUPPORT FOR 1 YEAR FOR NEW BUILDING	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T4582	HEALTHX, INC.	384,944.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	374,010.15	PROFESSIONAL SERVICES	VARIOUS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	334,638.10	OCR SERVICES AND PROFESSIONAL SERVICES	CLAIMS
T1408	DELL MARKETING L.P.	318,726.31	SOFTWARE LICENSE & MIS EQUIPMENT	MIS INFRASTRUCTURE
T1189	APPLE ONE INC.	309,983.84	TEMPORARY HELP	VARIOUS
T4308	TRUXTUN PLACE PARTNERS	304,376.74	TRUXTUN - RENT & UTILITIES	CORPORATE SERVICES
T5005	CRAYON SOFTWARE EXPERTS LLC	288,981.82	ANNUAL MICROSOFT ENTERPRISE AGREEMENT	MIS INFRASTRUCTURE
T4353	TWE SOLUTIONS, INC.	288,015.27	PROVIDES UPS BATTERY BACKUP SYSTEM TO RUN DATA CENTER IN NEW BUILDING	MIS INFRASTRUCTURE
T1845	DEPARTMENT OF MANAGED HEALTH CARE	286,724.74	MCAL/HFAM ANNUAL ASSESSMENT FEES -- 1 INSTALLMENT OF 2	ADMINISTRATION
T2167	PG&E	284,251.54	ANNUAL TRUE-UP FOR 2018 USAGE/UTILITIES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T5026	TEL-TEC SECURITY SYSTEMS	264,872.94	INSTALLATION OF BURGLAR PHASE- SECURITY SYSTEM	CAPITAL PROJECT - NEW BUILDING
T1071	CLINICA SIERRA VISTA****	264,453.08	EMERGENCY ROOM DIVERSION GRANT	COMMUNITY GRANT
T5116	CHRYSTAL INVESTMENTS, LLC	229,402.80	LEASE AGREEMENT STOCKDALE BLDG	CORPORATE SERVICE
T4546	LEVEL 3 COMMUNICATIONS, LLC	228,839.65	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T3011	OFFICE ALLY, INC.	199,503.50	EDI CLAIM PROCESSING	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	196,512.86	MEMBER NEWSLETTER/ WEBSITE IMPLEMENTATION	VARIOUS
T4959	BERKSHIRE HATHWAY HOMESTATE COMPANIES	189,551.00	WORKERS COMPENSATION INSURANCE PREMIUM	VARIOUS
T4396	KAISER FOUNDATION HEALTH-DHMO	183,374.53	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4460	PAYSPAN, INC	177,582.28	EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4792	KP LLC	157,102.82	PRINTING AND SHIPPING OF PROVIDER DIRECTORIES	PROVIDER RELATIONS
T4265	SIERRA SCHOOL EQUIPMENT COMPANY****	153,835.52	NEW BUILDING FURNITURE-BOARD ROOM & BREAKROOM	CORPORATE SERVICES
T4967	ADMINISTRATIVE SOLUTIONS, INC.	149,682.28	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T1861	CEREDIAN BENEFITS SERVICES	148,914.80	MONTHLY SUBSCRIPTION FEES/ PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION, TRAINING, & AMENDMENTS	HUMAN RESOURCES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	145,376.44	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T2918	STINSON'S	133,923.55	OFFICE SUPPLIES	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2584	UNITED STATES POSTAL SVC.-HASLER	120,000.00	POSTAGE-METERED	VARIOUS
T5013	ELIZA CORPORATION	112,852.00	HEALTH SERVICES MEMBER OUTREACH PILOT	HEALTH EDUCATION
T1005	COLONIAL LIFE & ACCIDENT	103,861.96	EMPLOYEE PAID VOLUNTARY INSURANCE	PAYROLL DEDUCTION
T3469	CPACINC.COM INC	97,705.74	VMWARE/VEEAM LICENSING W/ SUPPORT, MAINTENANCE FOR NEW BUILDING	MIS INFRASTRUCTURE
T1960	LOCAL HEALTH PLANS OF CA. INC	97,651.69	2019/2020 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T4902	CHANGE HEALTHCARE LLC	94,830.34	EDI CLAIM PROCESSING	CLAIMS / MIS
T4733	UNITED STAFFING ASSOCIATES	93,903.24	TEMPORARY HELP	VARIOUS
T4654	DELAWIE	90,981.38	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	87,620.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4961	AEROTEK SCIENTIFIC, LLC	75,475.17	TEMPORARY ONSITE SECURITY	CORPORATE SERVICES
T4991	FANELLIPM	75,230.00	PROFESSIONAL SERVICES-RELOCATION MANAGEMENT	PROJECT MANAGEMENT
T4785	COMM GAP	74,682.50	INTERPRETATION SERVICES	HEALTH EDUCATION
T2969	AMERICAN BUSINESS MACHINES INC	72,538.11	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4886	CENTRIC HEALTH	69,518.58	TRANSITION OF CARE CLINIC FUNDING	UTILIZATION MANAGEMENT
T4963	LINKEDIN CORPORATION	68,500.00	ONLINE JOB POSTINGS/RECRUITMENT	HUMAN RESOURCES
T5078	SJS BUILDING MAINTENANCE & SUPPLIES	66,322.62	JANITORIAL SERVICES	CORPORATE SERVICES
T4563	SPH ANALYTICS	65,200.00	PROVIDER AND MEMBER SATISFACTION SURVEYS	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2019 ANNUAL DUES ASSESSMENT	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	64,616.50	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE II	CAPITAL PROJECT - NEW BUILDING
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	61,283.48	LEGAL SERVICES	ADMINISTRATION
T4466	SMOOTH MOVE USA****	60,834.00	FURNITURE RELOCATION TO NEW BUILDING	CORPORATE SERVICES
T2413	TREK IMAGING INC	59,813.81	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T5065	CHAMP'S SECURITY PATROL SERVICES INC	58,200.00	ONSITE SECURITY	CORPORATE SERVICES
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	54,003.59	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4182	THE LAMAR COMPANIES	53,570.96	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T1128	HALL LETTER SHOP INC.	52,794.36	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT.	VARIOUS
T5025	SHANNON M DEAN	50,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T4503	VISION SERVICE PLAN	49,828.16	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5024	GALLAGHER BENEFIT SERVICES INC	49,500.00	PBM RFP CONSULTING	UTILIZATION MANAGEMENT
T1180	LANGUAGE LINE SERVICES, INC	49,442.14	INTERPRETATION SERVICES	MEMBER SERVICES
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	49,000.00	2018 AUDIT FEES	ADMINISTRATION
T2961	SOLUTION BENCH, LLC	48,538.81	M-FILES & SCANFINITY LICENSES SUPPORT	MIS INFRASTRUCTURE
T2707	ACT 1 PERSONNEL SERVICES, INC.	47,878.96	TEMPORARY HELP	VARIOUS
T4657	DAPONDE SZABO ROWE PC	46,702.50	CONSULTING SERVICES	PROVIDER RELATIONS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2562	CACTUS SOFTWARE LLC***	45,825.00	CACTUS SOFTWARE UPGRADE	MIS INFRASTRUCTURE
T3084	KERN COUNTY-COUNTY COUNSEL	45,320.30	LEGAL FEES	ADMINISTRATIVE
T4561	SRI & SHARMA, LLC	43,750.00	PARKING RENTAL	CORPORATE SERVICES
T4537	BURKE, WILLIAMS & SORENSEN, LLP	42,707.12	LEGAL SERVICES	ADMINISTRATION
T4873	L5 HEALTHCARE SOLUTIONS, INC.	42,179.00	LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL	MIS INFRASTRUCTURE
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	41,200.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T2446	AT&T MOBILITY	39,855.49	CELLULAR PHONE / INTERNET	MIS INFRASTRUCTURE
T1183	MILLIMAN USA	39,423.25	CY2018/2019 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T3986	JACQUELYN S JANS	39,167.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING
T2965	VITAL SIGNS OF BAKERSFIELD***	38,917.74	MONUMENT SIGN & INSTALLATION	CAPITAL PROJECT - NEW BUILDING
T2135	BAKERSFIELD CITY SCHOOL DISTRICT	38,455.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4739	SECURITAS SECURITY SERVICES USA, INC	38,200.57	SECURITY SERVICES	CORPORATE SERVICES
T5111	ENTISYS 360****	37,900.76	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS/ MIS
T4452	WELLS FARGO	37,496.31	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T3378	CARRIER CORPORATION	36,853.44	BUILDING MAINTENANCE	CORPORATE SERVICE
T4294	J. SERVICES JANITORIAL	36,345.00	JANITORIAL SERVICES	CORPORATE SERVICES
T2232	DLT SOLUTIONS, LLC	35,949.76	SQL SERVER MAINTENANCE	MIS INFRASTRUCTURE



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5030	KHOA NGUYEN DBA KN CONSULTING LLC	35,000.00	CONSULTING SERVICES	CORPORATE SERVICE
T4583	SOILS ENGINEERING INC	34,380.00	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT - NEW BUILDING
T4501	ALLIED UNIVERSAL SECURITY SERVICES	34,082.00	ONSITE SECURITY	CORPORATE SERVICES
T2458	HEALTHCARE FINANCIAL, INC.****	34,000.00	PROFESSIONAL SERVICES	ADMINISTRATION
T2441	LAURA J. BREZINSKI	32,700.00	MARKETING MATERIALS	MARKETING
T4683	CLAUDIA M. BACA	31,844.59	PROJECT MANAGEMENT CONSULTING SERVICES	PROJECT MANAGEMENT
T4228	THE SSI GROUP, LLC	30,852.40	EDI CLAIM PROCESSING	CLAIMS
T1650	UNIVISION TELEVISION GROUP	30,566.00	ADVERTISEMENT - TELEVISION	ADVERTISEMENT
T2933	SIERRA PRINTERS, INC	29,521.85	MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T4433	MICRO-DYN MEDICAL SYSTEMS, INC	28,835.00	ANNUAL LICENSE- APR-DRG GROUPER SOFTWARE SOLUTION	MIS INFRASTRUCTURE
T4216	NEXSTAR BROADCASTING INC	28,602.75	ADVERTISEMENT - MEDIA	ADVERTISEMENT
T5077	SDL, INC	27,851.25	COMPUTER ASSISTED TRANSLATION TOOL	HEALTH EDUCATION
T5107	CITRIX SYSTEMS, INC.	27,489.14	SOFTWARE SUPPORT	MIS INFRASTRUCTURE
T5028	QUANTUM CONSULTING GROUP LLC	26,175.00	CONSULTING SERVICES	HEALTH HOMES
T5080	COURTNEY HILEMAN	25,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T4554	THE KEN BLANCHARD COMPANIES	24,891.00	TRAINING MATERIALS & MANAGER TRAINING COURSE	HUMAN RESOURCES
T1022	UNUM LIFE INSURANCE CO	24,392.80	EMPLOYEE LONG TERM AND LIFE INSURANCE	PAYROLL DEDUCTION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3990	SPARKLETT'S, INC	24,116.08	BOTTLED WATER SERVICE	VARIOUS
T5100	QUANTUMPM, INC.	23,640.52	CONSULTING SERVICES	PROJECT MANAGEMENT
T2941	KERN PRINT SERVICES, INC.	23,352.44	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	22,500.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T4694	KELLY SERVICES, INC.	21,983.25	TEMPORARY HELP	VARIOUS
T4960	ZELIS CLAIMS INTEGRITY, LLC	21,820.13	POST EDITING SYSTEMS FOR CLAIMS PROCESSING	CLAIMS
T1347	ADVANCED DATA STORAGE	21,376.10	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T4781	EDRINGTON HEALTH CONSULTING, LLC	20,012.50	CONSULTING SERVICES - AB85	ADMINISTRATION
T4605	KERNVILLE UNION SCHOOL DISTRICT	19,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4585	DELANO UNION SCHOOL DISTRICT****	19,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4544	BARNES WEALTH MANAGEMENT GROUP	18,375.00	RETIREMENT PLAN CONSULTANT	ADMINISTRATION
T4195	SCRIPPS MEDIA, INC. DBA KERO-TV	18,456.25	ADVERTISEMENT - TELEVISION	ADVERTISEMENT
T4933	HOLLY J. CULHANE DBA PROFESSIONAL ADMINISTRATIVE	18,089.54	PROFESSIONAL ADMINISTRATIVE SERVICES	ADMINISTRATION
T5128	STANDARD SCHOOL DISTRICT****	18,000.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4417	KAISER FOUNDATION HEALTH PLAN	17,616.76	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS****	17,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4183	LAMAR ADVERTISING OF BAKERSFIELD	17,250.00	ADVERTISING - BILLBOARD	ADVERTISING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4962	LIBERTY DATA, INC.	17,100.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1503	PETROLEUM CLUB OF BAKERSFIELD	16,810.84	PHARMACY/PROVIDER RECOGNITION EVENTS	VARIOUS
T1694	KERN COUNTY FAIR	16,394.00	2019 KHS COMPANY EVENT	MARKETING
T2831	CREATIVE FINANCIAL STAFFING****	16,340.55	TEMPORARY HELP	FINANCE
T4731	LOGMEIN USA, INC.	15,894.00	INTERNET SERVICES	MIS INFRASTRUCTURE
T4016	FIRST DATABANK, INC	15,515.00	PROFESSIONAL SERVICES- PROVIDES NATIONAL DRUG CODE NDC DATABASE WITH GENERIC CODE NUMBERS	MIS INFRASTRUCTURE
T3133	KENNETH JAMES TAYLOR****	15,468.75	CONSULTING SERVICES	CAPITAL PROJECT
T4389	EXACT STAFF, INC.	15,413.36	TEMPORARY HELP	MEMBER SERVICES
T5064	QUEST DIAGNOSTICS CLINICAL LABORATORIES, INC.	15,250.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T4932	SPECTRUM REACH (MEDIA)	14,793.70	ADVERTISEMENT - TELEVISION	ADVERTISEMENT
T4760	CAMERON CHANG	14,125.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4400	OPTUM360 LLC	13,338.54	ENCODER PRO LICENSE	VARIOUS
T2724	BLACK STONE ASPHALT CONSTRUCTION, INC****	13,320.00	BUILDING MAINTENANCE	CORPORATE SERVICE
T2787	SAGE SOFTWARE, INC	12,993.75	2019-20 ANNUAL LICENSE	FINANCE
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	12,809.00	COMMUNITY ACTIVITIES	MARKETING
T5081	KO LEGAL, INC.	12,500.00	LEGAL SERVICES	ADMINISTRATION
T4574	SSI SOLUTIONS INC.	12,480.00	ONSITE TRAINING - (CAPM) CERTIFIED ASSOCIATE IN PROJECT MANAGEMENT	PROJECT MANAGEMENT



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4230	COFFEE BREAK SERVICE, INC.	12,419.54	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICE
T4981	JOHN MILLER	12,310.59	PHYSICIAN MALPRACTICE INSURANCE POLICY	HUMAN RESOURCES
T2938	SAP AMERICA, INC	12,308.32	BUSINESS PROJECT ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T2407	KAISER FOUNDATION HEALTH	12,157.69	COBRA INSURANCE	PAYROLL DEDUCTION
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES****	12,000.00	COMMUNITY ACTIVITIES	MARKETING
T5132	TIME WARNER CABLE LLC****	11,923.87	INTERNET SERVICES	MIS INFRASTRUCTURE
T5056	TRACI POWELL	11,668.50	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	11,601.02	EMPLOYEE PREMIUM	ADMINISTRATION
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	11,600.00	PLAN ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T4708	HEALTH MANAGEMENT ASSOCIATES INC	11,562.50	CONSULTING SERVICES	ADMINISTRATION
T4218	AGILE CROSSING	11,500.00	ON-SITE CERTIFIED SCRUM MASTER TRAINING & IMPROVE APPLICATION OF AGILE METHODOLOGY	VARIOUS
T4784	AXIOM COMMISSIONING GROUP INC	11,314.45	PROFESSIONAL SERVICES	CAPITAL PROJECT - NEW BUILDING
T1644	BRIGHT HOUSE NETWORK	10,936.08	INTERNET SERVICES	MIS INFRASTRUCTURE
T4968	ZIPRECRUITER, INC.	10,790.98	ANNUAL SUBSCRIPTION - PRO TEAM PLAN 10 JOBS	HUMAN RESOURCES
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	10,695.12	2014 UNCLAIMED PROPERTY	FINANCE
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	10,500.00	COMMUNITY GRANT	MARKETING

KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5137	FSO HEALTHY DATA SYSTEMS.COM****	10,500.00	IMPLEMENTATION & LICENSING OF SOFTWARE TOOL FOR DHCS- FSR	QUALITY IMPROVEMENT
T5109	RAND EMPLOYMENT SOLUTIONS****	10,102.57	TEMPORARY HELP	VARIOUS
T5071	WEST SIDE FAMILY HEALTH CARE	10,000.00	PROVIDER RECRUITMENT & RETENTION GRANT	COMMUNITY GRANTS
T5012	KERN MEDICAL CENTER FOUNDATION	10,000.00	VALLEY FEVER INSTITUTE DONATION	MARKETING
		<u>41,774,754.54</u>		
	TOTAL VENDORS OVER \$10,000	41,774,754.54		
	TOTAL VENDORS UNDER \$10,000	898,136.32		
	TOTAL VENDOR EXPENSES- SEPT.	<u>42,672,890.86</u>		

Note:

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



OCTOBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1001	KERN MEDICAL CENTER	1,043,948.18	1,749,866.69	NOV.2018- JUN. 2019 HEALTH HOME GRANTS	COMMUNITY GRANTS
T4290	S.C. ANDERSON, INC.	894,652.23	14,986,059.59	AUGUST CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T2918	STINSON'S	508,678.39	642,601.94	AUG. & SEPT. OFFICE SUPPLIES & CUBICLES FOR NEW BUILDING, (3) FURNITURE SETS FOR INTERVIEW ROOMS, & (4) OFFICE FURNITURE SETS FOR MANAGERS/DIRECTORS	VARIOUS
T5119	PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC. ****	433,957.05	433,957.05	FURNITURE FOR BOARD ROOM, CONFERENCE ROOMS, TRAINING ROOM	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	431,308.50	4,244,450.46	OCTOBER EMPLOYEE HEALTH BENEFITS	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	320,474.23	2,566,162.83	JUL., AUG., & SEPT. PROFESSIONAL SERVICES	CAPITAL PROJECT IN PROCESS/ MIS
T4391	OMNI FAMILY HEALTH	237,834.66	981,183.10	JUL. & AUG. HEALTH HOME GRANTS & SPONSORSHIP	VARIOUS
T4695	EDIFECs, INC. ****	191,158.62	192,439.25	ANNUAL TSM MAINTENANCE	MIS INFRASTRUCTURE
T4237	FLUIDEDGE CONSULTING, INC.	156,189.96	1,592,732.50	AUG. & SEPT. CONSULTING SERVICES	VARIOUS
T1408	DELL MARKETING L.P.	134,038.34	452,764.65	EQUIPMENT-(45) LATITUDE 5400, (1) OPTIPLEX 7070, (60) PERFORMANCE DOCK	VARIOUS
T2726	DST PHARMACY SOLUTIONS, INC.	118,764.88	1,068,032.11	SEPTEMBER PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4265	SIERRA SCHOOL EQUIPMENT COMPANY	102,246.94	256,082.46	FURNITURE-EXEC CONFERENCE ROOM, CEO OFFICE, & LOBBY	CAPITAL PROJECT - NEW BUILDING
T5109	RAND EMPLOYMENT SOLUTIONS	62,524.26	72,626.83	SEPT. TEMPORARY HELP - (11) MIS ; (4) MS; (1) UM (1) CLAIMS	VARIOUS
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	60,406.59	572,035.87	OCTOBER VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS



OCTOBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4982	NGC US, LLC	58,795.36	527,809.93	PREFUND HEALTH HOMES INCENTIVE & HEALTH ED INCENTIVES	VARIOUS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	58,376.62	945,816.25	JUL. & AUG. DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT - NEW BUILDING
T5145	CCS ENGINEERING FRESNO INC., ****	54,783.62	54,783.62	AUG. & SEPT. JANITORIAL SERVICES & PRESSURE WASHING SVCS.	CORPORATE SERVICES
T2686	ALLIANT INSURANCE SERVICES INC.	50,447.08	477,362.46	2019/2020 INSURANCE RENEWAL- PROPERTY & LIABILITY, EARTHQUAKE, FLOOD INSURANCE	ADMINISTRATION
T4466	SMOOTH MOVE USA	49,163.80	109,997.80	SEPT. MOVING/RELOCATION EXPENSES	CORPORATE SERVICES
T2167	PG&E	47,628.86	331,880.40	AUG./SEPT. USAGE/UTILITIES	CORPORATE SERVICES
T4696	ZNALYTICS, LLC	45,360.00	468,790.00	AUG. & SEPT. PROFESSIONAL SERVICES	VARIOUS
T4607	AGILITY RECOVERY SOLUTIONS INC.	41,252.40	44,002.40	PREPAID ANNUAL PROFESSIONAL SERVICES	COMPLIANCE
T4582	HEALTHX, INC.	40,376.00	425,320.00	OCT. MEMBER PROVIDER AND MEMBER PORTAL MAINTENANCE	MIS INFRASTRUCTURE
T4193	STRIA LLC	30,550.90	365,189.00	SEPT. OCR SERVICES	CLAIMS
T1189	APPLE ONE INC, EMPLOYMENT SERVICES	30,263.25	340,247.09	AUG., SEPT., & OCT., TEMPORARY HELP - (4) MIS, (2) MS, (1) CS, (1) HE.	PAYROLL DEDUCTION
T2584	UNITED STATES POSTAL SVC.-HASLER	30,000.00	150,000.00	POSTAGE-METERED	VARIOUS
T4955	DOGHOUSE GRILL LLC****	29,946.15	29,946.15	2019 KHS COMPANY EVENT	MARKETING
T5015	SENTINEL ENGINEERING	29,531.25	442,344.73	AUG., & SEPT. PROFESSIONAL SERVICES	VARIOUS
T3449	CDW GOVERNMENT	27,813.61	577,777.08	FORTINET FORTGATE FIREWALL APPLIANCES, LICENSES, AND SUPPORT	CAPITAL PROJECT - NEW BUILDING OCCUPATION



OCTOBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2933	SIERRA PRINTERS, INC.	25,214.45	54,736.30	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T2955	DELTA ELECTRIC INC.	24,840.00	26,050.00	BUILDING MAINTENANCE	CORPORATE SERVICES
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	22,064.25	116,894.59	AUG. & SEPT. EDI CLAIMS PROCESSING	CLAIMS
T4733	UNITED STAFFING ASSOCIATES	21,981.77	115,885.01	SEPT. TEMPORARY HELP (2) MS, (1) MARKETING, (1) CORP. SVCS.	VARIOUS
T4657	DAPONDE SIMPSON ROWE PC	21,729.00	68,431.50	MAY & AUG. LEGAL FEES	PROVIDER RELATIONS
T4785	COMMGAP	20,727.50	95,410.00	AUG. & SEPT. INTERPRETATION SERVICES	HEALTH EDUCATION
T5185	HOUSING AUTHORITY COUNTY OF KERN****	20,100.00	20,100.00	JUN., JUL., & AUG. CASE MANAGEMENT GRANT	UTILIZATION MANAGEMENT
T4460	PAYSPAN, INC	18,839.72	196,422.00	SEPT. EXTERNAL CLAIMS PAYMENT PROCESSING	FINANCE
T4967	ADMINISTRATIVE SOLUTIONS, INC.	18,342.78	168,025.06	OCT. EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T2446	AT&T MOBILITY	18,217.78	58,073.27	JUL./AUG.CELLULAR PHONE / INTERNET & CELL PHONES AND HOT SPOTS	MIS INFRASTRUCTURE
T5065	CHAMP'S SECURITY PATROL SERVICES INC.***	17,940.00	76,140.00	AUG. & SEPT. ONSITE SECURITY	CORPORATE SERVICES
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	17,420.00	105,040.00	SEPT. PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4959	BERKSHIRE HATHWAY HOMESTATE COMPANIES	17,207.00	206,758.00	WORKERS COMPENSATION INSURANCE PREMIUM-ADJ	VARIOUS
T1861	CERIDIAN HCM, INC.	15,738.28	164,653.08	AUGUST DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T2941	KERN PRINT SERVICES INC.	14,969.46	38,321.90	MEMBER DIRECT MAILINGS AND LETTERHEAD AND ENVELOPES	VARIOUS

KERN•HEALTH SYSTEMS

OCTOBER AP Vendor Report
Amounts over \$10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5155	A-C ELECTRIC COMPANY****	14,772.89	14,772.89	BUILDING MAINTENANCE	CORPORATE SERVICES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	14,354.18	159,730.62	SEPT. EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4699	ZeOMEGA, INC.	14,250.00	1,243,692.74	AUG. & SEPT. PROFESSIONAL SERVICES - MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T4396	KAISER FOUNDATION HEALTH-DHMO	12,450.27	195,824.80	OCT. EMPLOYEE HEALTH BENEFITS	VARIOUS
T1005	COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING	11,927.02	115,788.98	OCT. EMPLOYEE PREMIUM	VARIOUS
T4277	RANDY WIGGINGS PAINTING****	10,950.00	10,950.00	BUILDING MAINTENANCE-STOCKDALE	CORPORATE SERVICES
T4165	SHI INTERNATIONAL CO.	10,496.18	497,400.61	CISCO LICENSE FOR CONFERENCE PHONES, (13) 9.7 IPad Wi-Fi 32GB, (7) TELSTRAL LICENSES	MIS INFRASTRUCTURE
T1976	LUIGI'S****	10,202.64	10,202.64	CATERING - GRAND OPENING NEW BUILDING	MARKETING
T4501	ALLIED UNIVERSAL SECURITY	10,186.43	44,268.43	SEPT. ONSITE SECURITY	CORPORATE SERVICES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	10,134.25	384,144.40	SEPT. PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
		<u>5,735,527.58</u>			
	TOTAL VENDORS OVER \$10,000	5,735,527.58			
	TOTAL VENDORS UNDER \$10,000	389,423.43			
	TOTAL VENDOR EXPENSES- SEPTEMBER	<u>6,124,951.01</u>			

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



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4290	S.C. ANDERSON, INC.	14,986,059.59	NEW BUILDING CONSTRUCTION SERVICES	CAPITAL PROJECT - NEW BUILDING
T1045	KAISER FOUNDATION HEALTH	4,244,450.46	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	2,566,162.83	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT IN PROCESS/MIS
T1001	KERN MEDICAL CENTER	1,749,866.69	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	1,592,732.50	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING AND CORPORATE PROJECTS	VARIOUS
T4699	ZeOMEGA, INC.	1,243,692.74	2019 ANNUAL LICENSE AND MAINTENANCE/PROFESSIONAL SERVICES - MEDICAL MANAGEMENT PLATFORM	CAPITAL PROJECT- CASE MANAGEMENT/DISEASE MANAGEMENT
T2726	DST PHARMACY SOLUTIONS, INC.	1,068,032.11	PHARMACY AND CLAIMS PROCESSING	PHARMACY
T4391	OMNI FAMILY HEALTH	981,183.10	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4609	GREGORY D. BYNUM AND ASSOCIATES, INC.	945,816.25	NEW BUILDING DEVELOPMENT OVERHEAD FEES	CAPITAL PROJECT - NEW BUILDING
T3130	OPTUMINSIGHT, INC.	871,927.00	CES DIRECT LICENSE - 12/18- 12/19 ANNUAL FEE / OUTSOURCED ANALYSIS	CAPITAL PROJECT IN PROGRESS/PROVIDER RELATIONS
T2918	STINSON'S	642,601.94	OFFICE SUPPLIES & FURNITURE	VARIOUS
T2704	MCG HEALTH LLC	623,873.90	ANNUAL SOFTWARE LICENSE - HEALTH CARE MANAGEMENT	UTILIZATION MANAGEMENT
T3449	CDW GOVERNMENT	577,777.08	FORTINET FORTGATE FIREWALL APPLIANCES, LICENSES, AND SUPPORT	CAPITAL PROJECT - NEW BUILDING OCCUPATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	572,035.87	VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS
T4982	NGC US, LLC	527,809.93	PREFUND HEALTH HOMES INCENTIVE, MEMBER SERVICES SATISFACTION SURVEY INCENTIVES, HEALTH EDUCATION INCENTIVES	VARIOUS
T4483	INFUSION AND CLINICAL SERVICES, INC.	505,369.05	HEALTH HOME GRANTS	COMMUNITY GRANTS
T4165	SHI INTERNATIONAL CO.	497,400.61	MAINTENANCE SUPPORT/ STORAGE MAINTENANCE/HARDWARE	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	477,362.46	2019/2020 INSURANCE RENEWALS	ASMINISTRATION
T4696	ZNALYTICS, LLC	468,790.00	PROFESSIONAL SERVICES	CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT
T1408	DELL MARKETING L.P.	452,764.65	SOFTWARE LICENSE & MIS EQUIPMENT	MIS INFRASTRUCTURE
T5015	SENTINEL ENGINEERING	442,344.73	HARDWARE, SOFTWARE, LICENSING AND SUPPORT FOR 1 YEAR FOR NEW BUILDING	CAPITAL PROJECT - NEW BUILDING OCCUPATION
T5119	PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC.****	433,957.05	NEW BUILDING FURNITURE	CAPITAL PROJECT - NEW BUILDING
T4582	HEALTHX, INC.	425,320.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	384,144.40	PROFESSIONAL SERVICES	VARIOUS
T4193	TECHNOSOCIALWORK.COM DBA STRIA	365,189.00	OCR SERVICES AND PROFESSIONAL SERVICES	CLAIMS
T1189	APPLE ONE INC.	340,247.09	TEMPORARY HELP	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2167	PG&E	331,880.40	ANNUAL TRUE-UP FOR 2018 USAGE/UTILITIES	CORPORATE SERVICES
T4308	TRUXTUN PLACE PARTNERS	311,445.56	TRUXTUN - RENT & UTILITIES	CORPORATE SERVICES
T5005	CRAYON SOFTWARE EXPERTS LLC	288,981.82	ANNUAL MICROSOFT ENTERPRISE AGREEMENT	MIS INFRASTRUCTURE
T4353	TWE SOLUTIONS, INC.	288,015.27	PROVIDES UPS BATTERY BACKUP SYSTEM TO RUN DATA CENTER IN NEW BUILDING	MIS INFRASTRUCTURE
T1845	DEPARTMENT OF MANAGED HEALTH CARE	286,724.74	MCAL/HFAM ANNUAL ASSESSMENT FEES - 1 INSTALLMENT OF 2	ADMINISTRATION
T5026	TEL-TEC SECURITY SYSTEMS	267,683.07	INSTALLATION OF BURGLAR PHASE- SECURITY SYSTEM	CAPITAL PROJECT - NEW BUILDING
T1071	CLINICA SIERRA VISTA	264,453.08	EMERGENCY ROOM DIVERSION GRANT	COMMUNITY GRANT
T4265	SIERRA SCHOOL EQUIPMENT COMPANY	256,082.46	NEW BUILDING FURNITURE-BOARD ROOM & BREAKROOM	CAPITAL PROJECT - NEW BUILDING
T4546	LEVEL 3 COMMUNICATIONS, LLC	233,085.79	DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS	MIS INFRASTRUCTURE
T5116	CHRYSTAL INVESTMENTS, LLC	229,402.80	LEASE AGREEMENT STOCKDALE BLDG	CORPORATE SERVICE
T4959	BERKSHIRE HATHWAY HOMESTATE COMPANIES	206,758.00	WORKERS COMPENSATION INSURANCE PREMIUM	VARIOUS
T3011	OFFICE ALLY, INC.	199,503.50	EDI CLAIM PROCESSING	CLAIMS
T1272	COFFEY COMMUNICATIONS INC.	196,512.86	MEMBER NEWSLETTER/ WEBSITE IMPLEMENTATION	HEALTH EDUCATION/ MIS INFRASTRUCTURE
T4460	PAYSPAN, INC	196,422.00	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T4396	KAISER FOUNDATION HEALTH-DHMO	195,824.80	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4695	EDIFECs, INC. ****	192,439.25	ANNUAL TSM MAINTENANCE	MIS INFRASTRUCTURE



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4967	ADMINISTRATIVE SOLUTIONS, INC.	168,025.06	EMPLOYEE PAID VOLUNTARY INSURANCE/FSA CARD DEPOSIT	PAYROLL DEDUCTION
T1861	CEREDIAN BENEFITS SERVICES	164,653.08	MONTHLY SUBSCRIPTION FEES/ PROFESSIONAL SERVICES/DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS	HUMAN RESOURCES
T4792	KP LLC	159,967.82	PRINTING AND SHIPPING OF PROVIDER DIRECTORIES	PROVIDER RELATIONS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	159,730.62	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T2584	UNITED STATES POSTAL SVC.-HASLER	150,000.00	POSTAGE-METERED	VARIOUS
T4902	CHANGE HEALTHCARE LLC	116,894.59	EDI CLAIM PROCESSING	CLAIMS / MIS
T4733	UNITED STAFFING ASSOCIATES	115,885.01	TEMPORARY HELP	VARIOUS
T1005	COLONIAL LIFE & ACCIDENT	115,788.98	EMPLOYEE PREMIUM	VARIOUS
T5013	ELIZA CORPORATION	112,862.00	HEALTH SERVICES MEMBER OUTREACH PILOT	HEALTH EDUCATION
T4466	SMOOTH MOVE USA	109,997.80	FURNITURE RELOCATION TO NEW BUILDING	CORPORATE SERVICES
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	105,040.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T1960	LOCAL HEALTH PLANS OF CA. INC	97,782.68	2019/2020 FLAT YEARLY ASSESSMENT	ADMINISTRATION
T3469	CPACINC.COM INC	97,705.74	VMWARE/VEEAM LICENSING W/ SUPPORT & MAINTENANCE FOR NEW BUILDING	MIS INFRASTRUCTURE
T4654	DELAWIE	96,058.03	ARCHITECTURE SERVICES	CAPITAL PROJECT-NEW BUILDING
T4785	COMMGAP	95,410.00	INTERPRETATION SERVICES	HEALTH EDUCATION
T4961	AEROTEK SCIENTIFIC, LLC	82,568.89	TEMPORARY EMPLOYEE SERVICES	VARIOUS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5065	CHAMP'S SECURITY PATROL SERVICES INC	76,140.00	TEMPORARY ONSITE SECURITY	CORPORATE SERVICES
T2969	AMERICAN BUSINESS MACHINES INC	75,538.11	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4991	FANELLIPM	75,230.00	PROFESIONAL SERVICES-RELOCATION MANAGEMENT	PROJECT MANAGEMENT
T5109	RAND EMPLOYMENT SOLUTIONS	72,626.83	TEMPORARY HELP	VARIOUS
T4698	INFINITY COMMUNICATIONS & CONSULTING, INC.	72,442.50	TECHNICAL BUILDING ARCHITECTURAL CONSULTING PHASE II	CAPITAL PROJECT - NEW BUILDING
T4686	CENTRIC HEALTH	69,518.58	TRANSITION OF CARE CLINIC FUNDING	UTILIZATION MANAGEMENT
T5078	SJS BUILDING MAINTENANCE & SUPPLIES	69,316.62	JANITORIAL SERVICES	CORPORATE SERVICES
T4963	LINKEDIN CORPORATION	68,500.00	ONLINE JOB POSTINGS/RECRUITMENT	HUMAN RESOURCES
T4657	DAPONDE SZABO ROWE PC	68,431.50	CONSULTING SERVICES	PROVIDER RELATIONS
T2413	TREK IMAGING INC	67,422.64	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4563	SPH ANALYTICS	65,200.00	PROVIDER AND MEMBER SATISFACTION SURVEYS	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2019 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4514	AJ KLEIN INC T. DENATALE, B.GOLDNER	61,283.48	LEGAL SERVICES	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to- Date	Description	Department
T4182	THE LAMAR COMPANIES	60,320.96	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T2446	AT&T MOBILITY	58,073.27	CELLULAR PHONE / INTERNET	MIS
T1128	HALL LETTER SHOP INC.	57,636.34	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PKT.	VARIOUS
T4503	VISION SERVICE PLAN	54,893.38	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5145	CCS ENGINEERING FRESNO INC.,****	54,783.62	JANITORIAL SERVICES & PRESSURE WASHING SVCS.	CORPORATE SERVICES
T2933	SIERRA PRINTERS, INC	54,736.30	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T4909	GEM PHYSICIANS MEDICAL GROUP, INC.	54,003.59	HEALTH HOME GRANTS	COMMUNITY GRANTS
T1180	LANGUAGE LINE SERVICES, INC	53,927.99	INTERPRETATION SERVICES	MEMBER SERVICES
T3084	KERN COUNTY-COUNTY COUNSEL	52,324.30	LEGAL FEES	ADMINISTRATION
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	50,195.00	2018 AUDIT FEES	ADMINISTRATION
T5025	SHANNON M DEAN	50,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T5024	GALLAGHER BENEFIT SERVICES INC	49,500.00	PBM RFP CONSULTING	UTILIZATION MANAGEMENT
T2961	SOLUTION BENCH, LLC	48,538.81	M-FILES & SCANFINITY LICENSES SUPPORT	MIS INFRASTRUCTURE
T2707	ACT 1 PERSONNEL SERVICES, INC.	47,878.96	TEMPORARY HELP	VARIOUS
T2562	CACTUS SOFTWARE LLC	45,825.00	SOFTWARE UPGRADE RENEWAL OF LICENSE	MIS INFRASTRUCTURE
T4537	BURKE, WILLIAMS & SORENSEN, LLP	44,324.12	LEGAL SERVICES	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4501	ALLIED UNIVERSAL SECURITY SERVICES	44,268.43	ONSITE SECURITY	CORPORATE SERVICES
T4607	AGILITY RECOVERY SOLUTIONS INC.****	44,002.40	PREPAID ANNUAL PROFESSIONAL SERVICES	COMPLIANCE
T4561	SRI & SHARMA, LLC	43,750.00	PARKING RENTAL	CORPORATE SERVICES
T3986	JACQUELYN S JANS	43,542.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING
T4739	SECURITAS SECURITY SERVICES USA, INC	42,357.07	SECURITY SERVICES	CORPORATE SERVICES
T4873	L5 HEALTHCARE SOLUTIONS, INC.	42,179.00	LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL	MIS INFRASTRUCTURE
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	41,200.00	COMMUNITY SPONSORSHIP	ADMINISTRATION
T1183	MILLIMAN USA	39,423.25	CY2018/2019 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T2965	VITAL SIGNS OF BAKERSFIELD	38,917.74	MONUMENT SIGN & INSTALLATION	CAPITAL PROJECT - NEW BUILDING
T2135	BAKERSFIELD CITY SCHOOL DISTRICT	38,455.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T2941	KERN PRINT SERVICES, INC.	38,321.90	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T5111	ENTISYS 360	37,900.76	CONSULTING SERVICES	MIS INFRASTRUCTURE
T4452	WELLS FARGO	37,496.31	CREDIT CARD-TRAINING REGISTRATION, LODGING EXPENSES, AND MISCELLANEOUS PURCHASES	VARIOUS
T3378	CARRIER CORPORATION	36,853.44	BUILDING MAINTENANCE	CORPORATE SERVICE
T1650	UNIVISION TELEVISION GROUP	36,533.00	ADVERTISEMENT - TELEVISION	ADVERTISEMENT
T4294	J. SERVICES JANITORIAL	36,345.00	JANITORIAL SERVICES	CORPORATE SERVICES
T2232	DLT SOLUTIONS, LLC	35,949.76	SQL SERVER MAINTENANCE	MIS INFRASTRUCTURE



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5030	KHOA NGUYEN DBA KN CONSULTING LLC	35,000.00	CONSULTING SERVICES	CORPORATE SERVICE
T4228	THE SSI GROUP, LLC	34,647.40	EDI CLAIM PROCESSING	CLAIMS
T4216	NEXSTAR BROADCASTING INC	34,395.50	ADVERTISEMENT - MEDIA	ADVERTISEMENT
T4583	SOILS ENGINEERING INC	34,380.00	SOIL SAMPLING OBSERVATION -OIL DIRT DISCOVERY/REMEDIATION	CAPITAL PROJECT - NEW BUILDING
T2441	LAURA J. BREZINSKI	34,019.15	MARKETING MATERIALS	MARKETING
T2458	HEALTHCARE FINANCIAL, INC.	34,000.00	PROFESSIONAL SERVICES	ADMINISTRATION
T4683	CLAUDIA M. BACA	31,844.59	PROJECT MANAGEMENT CONSULTING SERVICES	PROJECT MANAGEMENT
T4855	DOGHOUSE GRILL LLC****	29,946.15	2019 KHS COMPANY EVENT	MARKETING
T4433	MICRO-DYN MEDICAL SYSTEMS, INC	28,835.00	ANNUAL LICENSE- APR-DRG GROUPEP SOFTWARE SOLUTION TO PROCESS CLAIMS PAYMENT	MIS INFRASTRUCTURE
T5077	SDL, INC	27,851.25	COMPUTER ASSISTED TRANSLATION TOOL	HEALTH EDUCATION
T1022	UNUM LIFE INSURANCE CO	27,758.00	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5107	CITRIX SYSTEMS, INC.	27,489.14	SOFTWARE SUPPORT	MIS INFRASTRUCTURE
T4781	EDRINGTON HEALTH CONSULTING, LLC	27,462.50	CONSULTING SERVICES - AB85	ADMINISTRATION
T3990	SPARKLETTS, INC	26,705.37	BOTTLED WATER SERVICE	VARIOUS
T5100	QUANTUMPM, INC.	26,175.00	CONSULTING SERVICES	PROJECT MANAGEMENT
T2955	DELTA ELECTRIC INC.****	26,050.00	BUILDING MAINTENANCE	CORPORATE SERVICES
T4960	ZELIS CLAIMS INTEGRITY, LLC	25,659.12	POST EDITING SYSTEMS FOR CLAIMS PROCESSING	CLAIMS



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1347	ADVANCED DATA STORAGE	25,277.58	OFF SITE STORAGE SERVICES	CORPORATE SERVICES
T5080	COURTNEY HILEMAN	25,000.00	COMPENSATION DISTRIBUTION	ADMINISTRATION
T4554	THE KEN BLANCHARD COMPANIES	24,891.00	TRAINING MATERIALS & MANAGER TRAINING COURSE	HUMAN RESOURCES
T5028	QUANTUM CONSULTING GROUP LLC	23,640.52	CONSULTING SERVICES	HEALTH HOMES
T4195	SCRIPPS MEDIA, INC. DBA KERO-TV	23,350.25	ADVERTISEMENT - TELEVISION	MARKETING
T4389	EXACT STAFF, INC.	22,678.51	TEMPORARY HELP	MEMBER SERVICES
T4674	STOCKDALE PLAZA OWNERS ASSOCIATION INC	22,500.00	PARKING SPACE RENTAL	CORPORATE SERVICES
T2831	CREATIVE FINANCIAL STAFFING	22,047.75	TEMPORARY HELP	FINANCE
T4694	KELLY SERVICES, INC.	21,983.25	TEMPORARY HELP	VARIOUS
T5056	TRACI POWELL	20,566.39	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T5185	HOUSING AUTHORITY COUNTY OF KERN	20,100.00	CASE MANAGEMENT GRANT	UTILIZATION MANAGEMENT
T4605	KERVILLE UNION SCHOOL DISTRICT	19,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4585	DELANO UNION SCHOOL DISTRICT	19,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T3133	KENNETH JAMES TAYLOR	18,843.75	CONSULTING SERVICES	CAPITAL PROJECT
T4932	SPECTRUM REACH (MEDIA)	18,764.44	ADVERTISEMENT - TELEVISION	ADVERTISEMENT
T4544	BARNES WEALTH MANAGEMENT GROUP	18,375.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4933	HOLLY J. CULHANE DBA PROFESSIONAL ADMINISTRATIVE	18,089.54	PROFESSIONAL ADMINISTRATIVE SERVICES	ADMINISTRATION
T5128	STANDARD SCHOOL DISTRICT	18,000.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4731	LOGMEIN USA, INC.	17,623.00	INTERNET SERVICES	MIS INFRASTRUCTURE
T4417	KAISER FOUNDATION HEALTH PLAN	17,616.76	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4183	LAMAR ADVERTISING OF BAKERSFIELD	17,250.00	ADVERTISING - BILLBOARD	ADVERTISING
T4962	LIBERTY DATA, INC.	17,100.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1503	PETROLEUM CLUB OF BAKERSFIELD	16,810.84	PHARMACY/PROVIDER RECOGNITION EVENTS	VARIOUS
T1694	KERN COUNTY FAIR	16,394.00	2019 KHS COMPANY EVENT	MARKETING
T4934	APPLE INC.*****	16,300.68	IPHONES FOR MANAGERS & 2019 EMPLOYEE ANNIVERSARY AWARDS	MIS INFRASTRUCTURE/HR
T4016	FIRST DATABANK, INC	15,515.00	PROFESSIONAL SERVICES- PROVIDES NATIONAL DRUG CODE NDC DATABASE WITH GENERIC CODE NUMBERS	MIS INFRASTRUCTURE
T5064	QUEST DIAGNOSTICS CLINICAL LABORATORIES, INC.	15,250.00	PROFESSIONAL SERVICES - DEVELOP DATA FEED SUPPORTIN KERN'S HL7-24 DATA SPECIFICATIONS (EDIFEC)	MIS INFRASTRUCTURE
T2724	BLACK STONE ASPHALT CONSTRUCTION	15,120.00	BUILDING MAINTENANCE	CORPORATE SERVICE
T5132	TIME WARNER CABLE LLC	14,871.87	INTERNET SERVICES	MIS INFRASTRUCTURE



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5155	A-C ELECTRIC COMPANY****	14,772.89	BUILDING MAINTENANCE	CORPORATE SERVICES
T4230	COFFEE BREAK SERVICE, INC.****	14,687.93	MISC. SUPPLIES-COFFEE, CREAMER, WATER	CORPORATE SERVICES
T1097	NCQA****	14,195.00	HEALTHCARE EFFECTIVENESS DATA & INFORMATION SET (HEDIS MEASURE INDICATORS)	UTILIZATION MANAGEMENT/QI
T4760	CAMERON CHANG	14,125.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4400	OPTUM360 LLC	13,338.54	ENCODER PRO LICENSE	VARIOUS
T2787	SAGE SOFTWARE, INC	12,993.75	2019-20 ANNUAL LICENSE	FINANCE
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	12,894.76	EMPLOYEE PREMIUM	ADMINISTRATION
T2790	KERN COUNTY DEPARTMENT OF PUBLIC HEALTH	12,809.00	COMMUNITY ACTIVITIES	MARKETING
T2407	KAISER FOUNDATION HEALTH	12,721.19	COBRA INSURANCE	PAYROLL DEDUCTION
T5081	KO LEGAL, INC.	12,500.00	LEGAL SERVICES	ADMINISTRATION
T4574	SSI SOLUTIONS INC.	12,480.00	ONSITE TRAINING - (CAPM) CERTIFIED ASSOCIATE IN PROJECT MANAGEMENT	PROJECT MANAGEMENT
T4981	JOHN MILLER	12,310.59	PHYSICIAN MALPRACTICE INSURANCE POLICY	HUMAN RESOURCES
T2938	SAP AMERICA, INC	12,308.32	BUSINESS PROJECT ANNUAL MAINTENANCE	MIS INFRASTRUCTURE
T1644	BRIGHT HOUSE NETWORK	12,128.08	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T4239	COAST TO COAST COMPUTER PRODUCTS****	12,033.41	COMPUTER PRODUCTS & SUPPLIES	CORPORATE SERVICES



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	12,000.00	COMMUNITY ACTIVITIES	MARKETING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	11,600.00	PLAN ASSESSMENT & ANNUAL CONFERENCE REGISTRATION	ADMINISTRATION
T4708	HEALTH MANAGEMENT ASSOCIATES INC	11,562.50	CONSULTING SERVICES	ADMINISTRATION
T4218	AGILE CROSSING	11,500.00	ON-SITE CERTIFIED SCRUM MASTER TRAINING & IMPROVE APPLICATION OF AGILE METHODOLOGY	VARIOUS
T5052	JOSHUA HOSCH****	11,461.62	TRAINING - NETWORK PROJECT	MIS
T4784	AXIOM COMMISSIONING GROUP INC	11,314.45	PROFESSIONAL SERVICES	CAPITAL PROJECT - NEW BUILDING
T4227	FREESTYLE EVENTS SERVICES INC****	11,065.00	SERVICES GRAND OPENING BOB BLDG	MARKETING
T3052	CARNICERIA RANCHO GRANDE****	11,012.40	CATERING SERVICES EMPLOYEE EVENTS	VARIOUS
T5137	FSO HEALTHY DATA SYSTEMS.COM	11,000.00	IMPLEMENTATION & LICENSING OF SOFTWARE TOOL FOR DHCS- FSR	QUALITY IMPROVEMENT
T4277	RANDY WIGGINGS PAINTING****	10,950.00	BUILDING MAINTENANCE-STOCKDALE	CORPORATE SERVICES
T4968	ZIPRECRUITER, INC.	10,790.98	ANNUAL SUBSCRIPTION - PRO TEAM PLAN 10 JOBS	HUMAN RESOURCES
T3475	CALIFORNIA STATE CONTROLLER'S OFFICE	10,695.12	2014 UNCLAIMED PROPERTY	FINANCE
T1996	SEQUOIA SANDWICH CO****	10,687.20	NON-TRAVEL MEALS - LUNCH MEETINGS	VARIOUS
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	10,500.00	COMMUNITY GRANT	MARKETING
T1976	LUIGI'S****	10,202.64	CATERING - GRAND OPENING NEW BUILDING	MARKETING



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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2505	DERREL'S MINI STORAGE, INC.****	10,078.10	OFF SITE STORAGE	CORPORATE SERVICES
T2287	CALIFORNIA WATER SERVICE****	10,026.59	UTILITIES	CORPORATE SERVICES
T3087	PROJECT MANAGEMENT INSTITUTE, INC****	10,018.00	TRAINING REGISTRATION, SYMPOSIUM	PROJECT MANAGEMENT OFFICE
T5071	WEST SIDE FAMILY HEALTH CARE****	10,000.00	PROVIDER RECRUITMENT & RETENTION GRANT	COMMUNITY GRANTS
T5012	KERN MEDICAL CENTER FOUNDATION****	10,000.00	VALLEY FEVER INSTITUTE DONATION	MARKETING
		<u>47,807,045.05</u>		
	TOTAL VENDORS OVER \$10,000	47,807,045.05		
	TOTAL VENDORS UNDER \$10,000	990,796.82		
	TOTAL VENDOR EXPENSES- OCTOBER	<u>48,797,841.87</u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
J. Services	\$ 62,160.00	Yes	CS	Alonso Hurtado	Janitorial Services for Stockdale and Truxmont	1/1/2019	12/31/2019
Jacquelyn S. Jans	\$ 52,500.00	Yes	MRK	Louie Iturrria	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 Iturrria	Graphic Design of member, provider and marketing	1/1/2019	12/31/2019
ZeOmega	\$ 72,000.00	Yes	UM	Deborah Murr	Quote#792-Dedicated implementation 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 JVA MMP	1/29/2019	12/31/2019
CenturyLink	\$ 61,000.00	Yes	IT	Richard Pruitt	IG-3G connection for Buck Owens building	1/1/2019	12/31/2019
Quantum Consulting Group	\$ 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
March							
KP	\$ 46,569.60	Yes	PR	Louie Iturrria	Printing and shipping of Provider Directories	3/8/2019	4/30/2019
CPAC, Inc.	\$ 38,199.52	Yes	IT	Richard Pruitt	IDF w/support and maintenance for new facility	3/8/2019	3/7/2025
April							
Univision	\$ 35,802.00	Yes	MRK	Louie Iturrria	Spanish TV Advertisements	4/1/2019	11/30/2019
SJS Building Maintenance	\$ 81,550.00	Yes	CS	Alonso Hurtado	Professional janitorial services	4/15/2019	10/31/2019
Cognizant	\$ 59,692.86	Yes	IT	Richard Pruitt	Professional services for NetworX pricer, PCR#1	4/15/2019	5/17/2019
ZeOmega	\$ 72,000.00	Yes	UM	Deborah Murr	Quote#854, Implementation Manager resource	4/1/2019	6/30/2019
Nexstar	\$ 41,990.00	Yes	MRK	Louie Iturrria	English & Spanish TV commercials	4/1/2019	11/30/2019
Scrapps	\$ 35,995.00	Yes	MRK	Louie Iturrria	Airing English & Spanish TV commercials	4/1/2019	11/30/2019
Lamar Transit	\$ 37,910.48	Yes	PR	Louie Iturrria	GET Bus Advertisement	4/15/2019	11/24/2019
Eliza Corporation	\$ 57,000.00	Yes	HE	Michael Pitts	HRA project for outreach of SPD members	4/26/2019	4/25/2020
May							
SHI	\$ 41,328.97	Yes	IT	Richard Pruitt	Cisco licenses co-termed	5/23/2019	5/22/2020
American Business Machine	\$ 47,735.00	Yes	IT	Richard Pruitt	4 Multi-functional printers for UM, MRKT, MS	5/23/2019	9/30/2019
SHI	\$ 86,258.14	Yes	IT	Richard Pruitt	Cisco phones for new BLDG	5/23/2019	5/23/2022
June							
Milliman, Inc	\$ 50,000.00	Yes	ACCT	Robin Plumb	Auctorial services-Amendment#1	6/1/2019	6/1/2020
Language Line	\$ 70,000.00	Yes	HE	Isabel Silva	Interpreting services for members	6/15/2019	6/14/2020
SHI	\$ 34,412.00	Yes	IT	Richard Pruitt	Four (4) new VMware & Veeam licenses for new building	6/21/2019	6/20/2024
July							
Commgap	\$65,000.00	Yes	HE	Isabel Silva	Interpreting services for members	7/6/2019	7/5/2020
Pacific West Sound	\$39,881.47	Yes	IT	Richard Pruitt	Assisted Listening System (ALS) for new building	7/1/2019	6/30/2020
Mercer	\$95,000.00	Yes	HR	Anita Martin	Compensation and benefit study	7/29/2019	7/28/2020
August							
CPAC, Inc.	\$85,003.31	Yes	IT	Richard Pruitt	45 Dell laptops for KHS employees w/four year support	8/13/2019	8/12/2023
Excel Relocation Systems	\$94,000.00	Yes	CS	Alonso Hurtado	Relocation Move Services for new building	8/5/2019	9/30/2019
September							
Integrated Healthcare Associa	\$69,000.00	Yes	PR	Emily Duran	Provider directory data verification	9/25/2019	9/24/2021
DMIE Consulting	\$99,600.00	Yes	UM	Deborah Murr	Member necessity evaluation	9/25/2019	9/24/2020
October							
Agility	\$41,252.40	Yes	ALS	Carl Breiming	Disaster recovery and business continuity	10/3/2019	10/2/2020
SHI	\$42,695.55	Yes	IT	Richard Pruitt	Nimble technical support and maintenance renewal co-termed	10/30/2019	12/22/2020
ABM	\$81,730.00	Yes	IT	Richard Pruitt	Printers and copy machine support and maintenance	10/1/2019	9/30/2021

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
1	COBA	EXP	\$18,500	\$18,500												\$18,500	\$0
2	QI Site	CAP	\$9,300	\$3,600				\$0	\$0							\$7,200	\$2,700
3	Mjfiles	CAP	\$34,860	\$760		\$0										\$16,720	\$18,140
4	Health	CAP	\$137,673	\$45,400	\$26,460											\$91,810	\$46,493
5	Medical	CAP	\$361,700	\$64,920	\$72,230	\$75,005	\$77,370	\$28,800	\$19,950			\$35,505				\$450,940	(\$89,240)
6	Diabetes	CAP	\$280,403	\$19,980	\$20,520	\$21,600	\$0									\$62,100	\$218,303
7	Hospital	EXP	\$28,305	\$16,490	\$680											\$25,755	\$2,550
8	Capnorat	EXP	\$52,290	\$0	\$0	\$0	\$0	\$16,800	\$0							\$16,800	\$35,490
9	New	CAP	\$611,800	\$47,626	\$44,936	\$46,321	\$52,842	\$88,286	\$89,789	\$75,860	\$71,050	\$78,960				\$595,669	\$16,131
10	2019 HHP	CAP	\$240,000			\$0	\$16,720	\$15,960	\$36,648	\$29,478	\$15,960	\$16,340				\$131,105	\$108,895
11	Internal	CAP	\$628,363	\$43,320	\$47,880	\$48,720	\$42,720	\$42,000	\$48,720	\$49,200	\$77,952	\$49,200				\$433,152	\$195,211
12	Member	CAP	\$72,961			\$5,250	\$0	\$0	\$0							\$5,250	\$67,711
13	Computer	CAP	\$19,915			\$0	\$0	\$0	\$0							\$0	\$19,915
14	Telehealth	EXP	\$69,581			\$5,250	\$0	\$0	\$0							\$5,250	\$64,331
15	CFS	EXP	\$33,000			\$0	\$0	\$0	\$0							\$0	\$33,000
16	Orchestra	EXP	\$103,950			\$0	\$0	\$0	\$0	\$18,480	\$18,060	\$16,170				\$52,710	\$51,240
17	2D	CAP	\$300,930			\$0	\$0	\$10,117	\$17,120	\$15,280	\$19,200	\$19,200				\$80,917	\$220,013
18	APM/Net	CAP	\$281,781	\$24,480	\$29,458	\$29,278	\$28,800	\$50,586	\$37,476	\$28,512	\$17,430	\$14,331				\$260,350	\$21,431
19	MicroSoft	EXP	\$58,800			\$0	\$0	\$0	\$0	\$8,400	\$8,400	\$0				\$16,800	\$42,000
20	Call	CAP	\$8,715							\$0	\$0	\$0				\$0	\$8,715
21	CACTUS	CAP	\$227,188							\$0	\$0	\$0				\$0	\$227,188
22	KHS	EXP	\$11,200							\$0	\$0	\$0				\$0	\$11,200
23	SPD/HRA	EXP	\$85,225							\$0	\$2,415	\$0				\$2,415	\$82,810
24	HEDIS	EXP	\$75,328						\$18,480	\$14,280	\$14,280	\$0				\$32,760	\$42,568
25	RDT	EXP	\$24,150						\$15,840	\$15,840	\$0	\$0				\$15,840	\$8,310
26	Staff	EXP	\$1,445,983	\$149,513	\$169,494	\$199,870	\$223,768	\$151,186	\$104,198	\$131,861	\$137,276	\$130,728				\$1,397,894	\$48,089
Totals:			\$5,221,901	\$403,669	\$423,087	\$454,139	\$445,855	\$436,226	\$372,830	\$410,860	\$403,623	\$369,019	\$0	\$0	\$0	\$3,719,308	\$1,502,593



To: KHS Board of Directors
From: Robert Landis, CFO
Date: December 12, 2019
Re: Report on New Office Building Expenditures

Background

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

Discussion

The attached document has a total building contract amount of \$30,241,123.19 for the work to be performed by the KHS contractor SC Anderson, Inc. Work completed less retainage as of 9/30/19 is \$28,706,783.22. The balance of work to be completed including retainage amounts owed is \$1,534,339.97.

Included in the attachment is an itemized description of amounts complete and paid through September 30, 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.



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

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

VIA ARCHITECT:

APPLICATION NO: 01170843-00020
PERIOD TO: 9/30/2019
CONTRACT FOR:
CONTRACT DATE:
PROJECT NOS: 01.17084.3

Distribution to:
 OWNER
 ARCHITECT
 CONTRACTOR
 FIELD
 OTHER

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 \$ 2,418,540.19
- 3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 30,241,123.19
- 4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 30,217,666.73
- 5. RETAINAGE:
 - a. 5 % of Completed Work (Columns D + E on G703) \$ 1,510,883.51
 - b. _____ % of Stored Material (Column F on G703) \$ _____

Total Retainage (Lines 5a + 5b, or Total in Column I of G703) \$ 1,510,883.51

6. TOTAL EARNED LESS RETAINAGE \$ 28,706,783.22
 (Line 4 minus Line 5 Total)

7. LESS PREVIOUS CERTIFICATES FOR PAYMENT \$ 28,283,584.19
 (Line 6 from prior Certificate)

8. CURRENT PAYMENT DUE \$ 423,199.03

9. BALANCE TO FINISH, INCLUDING RETAINAGE
 (Line 3 minus Line 6) \$ 1,534,339.97

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$ 2,298,913.02	\$ (8,110.77)
Total approved this month	\$ 127,737.94	\$
TOTAL	\$ 2,426,650.96	\$ (8,110.77)
NET CHANGES by Change Order		2,418,540.19

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.

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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: SC Anderson, Inc Date: 10/25/19
 By: _____

State of: California
 County of: Kern
 Subscribed and sworn to before me this _____ day of _____

Notary Public: _____
 My commission expires: _____
See Attached

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 \$ _____
 (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: _____ Date: _____

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.

REQUEST FOR PAYMENT DETAIL

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501758 Draw: 01170843-00020 Period Ending Date: 9/30/2019

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	33,410.96	10,144.04		43,555.00	100.00		2,177.74
017423	FINAL CLEAN	39,200.00		39,200.00		39,200.00	100.00		1,960.00
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	25,715.96			25,715.96	83.28	5,164.04	1,285.80
024199	DEMOLITION	42,022.00	42,022.00			42,022.00	100.00		2,101.11
031113	CONCRETE	2,106,700.00	2,106,700.00			2,106,700.00	100.00		105,335.00
042099	MASONRY	49,600.00	49,600.00			49,600.00	100.00		2,480.00
051223	STRUCTURAL STEEL	2,971,400.00	2,971,400.00			2,971,400.00	100.00		148,570.01
057099	SHEET METAL/DECORATIVE PA	549,550.00	549,550.00			549,550.00	100.00		27,477.50
062023	DOORS-FRAMES-HARDWARE-L	45,166.00	45,166.00			45,166.00	100.00		2,258.30
062099	FINISH/ROUGH CARPENTRY	21,417.00	21,417.00			21,417.00	100.00		1,070.86
064023	ARCHITECTURAL WOODWORK	249,580.00	249,580.00			249,580.00	100.00		12,479.02
066116	SOLID SURFACE TOPS	170,559.00	170,559.00			170,559.00	100.00		8,527.95
072099	THERMAL INSULATION	94,550.00	94,550.00			94,550.00	100.00		4,727.50
075399	PVC ROOFING	394,466.00	386,966.00	7,500.00		394,466.00	100.00		19,723.30
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	40,208.00	8,819.00		49,027.00	100.00		2,451.35
081113	DOORS-FRAMES-HARDWARE	167,022.00	167,022.00			167,022.00	100.00		8,351.10
083323	OVERHEAD COILING DOOR	8,674.00	8,674.00			8,674.00	100.00		433.70
083513	FOLDING PARTITION	30,450.00	30,450.00			30,450.00	100.00		1,522.50
084199	STOREFRONT GLASS & GLAZIN	1,479,900.00	1,479,900.00			1,479,900.00	100.00		73,995.00
092216	METAL STUDS & DRYWALL	6,076,322.00	6,076,322.00			6,076,322.00	100.00		303,816.10
093013	CERAMIC TILE	265,258.00	265,258.00			265,258.00	100.00		13,262.90
095199	ACOUSTICAL CEILINGS	713,000.00	708,000.00	5,000.00		713,000.00	100.00		35,650.00
096599	FLOOR COVERINGS	955,511.00	955,511.00			955,511.00	100.00		47,775.55
099199	PAINTING	119,300.00	117,300.00	2,000.00		119,300.00	100.00		5,965.00
101499	SIGNAGE	18,850.00		18,850.00		18,850.00	100.00		942.50
102113	TOILET COMPARTMENTS/ACCE	139,800.00	139,800.00			139,800.00	100.00		6,990.00
104413	FIRE EXTINGUISHER CABINET	6,858.00	6,858.00			6,858.00	100.00		342.90
107599	FLAG POLE	6,959.00	6,959.00			6,959.00	100.00		347.95
122499	WINDOW COVERINGS	89,600.00	85,000.00	4,600.00		89,600.00	100.00		4,480.00
129313	BIKE RACKS	3,530.00	3,530.00			3,530.00	100.00		176.50

REQUEST FOR PAYMENT DETAIL

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	382,146.38	6,143.62		388,290.00	100.00		19,414.50
211313	FIRE SPRINKLERS	333,217.00	333,217.00			333,217.00	100.00		16,660.86
229999	PLUMBING	909,000.00	909,000.00			909,000.00	100.00		45,450.00
239999	HVAC	2,704,454.00	2,703,454.00			2,703,454.00	99.96	1,000.00	135,172.71
269999	ELECTRICAL & FIRE ALARM	3,000,000.00	3,000,000.00			3,000,000.00	100.00		150,000.02
312213	EARTHWORK	410,435.00	410,435.23			410,435.23	100.00	-0.23	20,521.77
321216	ASPHALT PAVING	420,340.00	315,255.00	105,085.00		420,340.00	100.00		21,017.00
323119	DECORATIVE FENCING	238,844.00	238,367.00	477.00		238,844.00	100.00		11,942.21
328499	LANDSCAPING AND IRRIGATION	397,000.00	382,063.34	12,783.33		394,866.67	99.46	2,133.33	19,743.34
331099	SITE UTILITIES	121,000.00	121,000.00			121,000.00	100.00		6,050.00
999998	GENERAL REQUIREMENTS	723,200.00	723,200.00			723,200.00	100.00		36,160.01
999999	CM/GC FEES	1,034,510.00	1,034,510.00			1,034,510.00	100.00		51,725.53
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	220,795.16	14,917.95		235,713.11	100.00		11,785.66
9999CO04	CHANGE ORDER #04	94,186.15	94,186.15			94,186.15	100.00		4,709.31
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	34,478.69			34,478.69	100.00		1,723.94
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	130,521.90			130,521.90	100.00		6,526.10
9999CO10	CHANGE ORDER #10	138,058.56	138,058.56			138,058.56	100.00		6,902.93
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				100.00		-405.53
9999CO13	CHANGE ORDER #13	86,445.84	86,445.84			86,445.84	100.00		4,322.29
9999CO14	CHANGE ORDER #14	725,263.76	725,263.76	86,445.84		725,263.76	100.00		36,263.19
9999CO15	CHANGE ORDER #15	304,625.63	304,625.63			304,625.63	100.00		15,231.28
9999CO16	CHANGE ORDER #16	26,640.57	26,640.57			26,640.57	100.00		1,392.03
9999CO17	CHANGE ORDER #17	27,193.99	27,193.99			27,193.99	100.00		1,359.70
9999CO18	CHANGE ORDER #18	21,067.35	21,067.35			21,067.35	100.00		1,053.37
9999CO19	CHANGE ORDER #19	46,063.02	46,063.02			46,063.02	100.00		2,303.15
9999CO20	CHANGE ORDER #20	40,660.00	40,660.00			40,660.00	100.00		2,033.00
9999CO21	CHANGE ORDER #21	51,053.97	45,656.29			45,656.29	89.43	5,397.68	2,282.81
9999CO22	CHANGE ORDER #22	97,395.65	91,865.07			91,865.07	94.32	5,530.58	4,593.25

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501758 Draw: 01170843-00020 Period Ending Date: 9/30/2019

REQUEST FOR PAYMENT DETAIL

Project: 01.17084.3 / KERN HEALTH SYSTEMS Invoice: 3702501758 Draw: 01170843-00020 Period Ending Date: 9/30/2019

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
9999CO23	CHANGE ORDER #23	37,295.46		33,699.40		33,699.40	90.36	3,596.06	1,684.97
9999CO24	CHANGE ORDER #24	90,442.48		89,807.48		89,807.48	99.30	635.00	4,490.37

Totals		30,241,123.19	29,772,194.07	445,472.66		30,217,666.73	99.92	23,456.46	1,510,883.51
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**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
New Vendor Contracts
December 12, 2019**

Legal Name DBA Name	Specialty	Address	Comments	Contract Effective Date
PAC 11/06/2019				
Crystal Rose Home Healh	Home Health	44841 Date Avenue Lancaster, CA 93534		12/1/2019
David Horovitz, MD, Inc.	Urology	3838 San Dimas Street Suite B-231 Bakersfield, CA 93301		12/1/2019
Sound Physicians Emergency Medicine of Southern California PC	ER Group	2615 Chester Avenue Bakersfield, CA 93301		12/1/2019
Mansukh Ghadiya, MD	Primary and Immediate Care Clinic	2201 Mt. Vernon Avenue Suite 211A Bakersfield, Ca 93306	QI accepted DHCS Site Visit	12/1/2019
PAC 12/04/2019				
Raman Talwar, MD	General Surgery	20111 W Valley Blvd Tehachapi, CA 93561		1/1/2020

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
December 12, 2019**

Legal Name DBA	Specialty	Address	Comments	Effective Date
K-Mart Pharmacy	Pharmacy	710 W Tehachapi Blvd. Tehachapi CA 93561	All medications will be forward to Walgreens in Tehachapi.	10/1/2019
CTON Corporation	Lab	C-TON Laboratory	Retracting contract - has not been in business one year	11/1/2019
Phuc Dang Md Corporation	Orthopedic	300 Old River Road, Bakersfield CA 93311	Provider is going to work at Kaiser	12/31/2019
Chandra Orthopedic and Medical Clinic, Inc	Orthopedic	300 Old River Road, Bakersfield CA 93311	Provider is retiring	12/31/2019



To: KHS Board of Directors

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

Date: December 12, 2019

CMO BOARD REPORT

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The utilization and cost of physician services by the SPDs continues to trend higher than budget. The number of visits per a thousand continues to exceed expectation but correspondingly, inpatient utilization for SPDs is trending favorably suggesting higher utilization of Physician services has a stabilizing effect on SPDs with chronic disease resulting in avoiding the need for hospitalization.

The Overall (all aid categories) PMPM cost is stable, even though it remains higher than goal for the SPDs. We see that services per thousand for the SPDs is trending up. This is good for this population which as a whole has multiple chronic conditions. Many studies have shown that we patients with multiple chronic conditions have frequent touches with the providers, they have better health outcomes and reduced cost due to decreased utilization of inpatient hospital. If we continue to be successful with redirecting care to more appropriate settings, and managing diseases prevalent in the SPD population, we should in the long-term see downward trend in PMPM cost for SPDs which will bring overall PMPM cost in line with budget.

Pharmacy

The monthly cost and utilization per enrollee for all aid categories is at or below budget. We might soon start to see number of scrips per member per month increasing as we get into the flu season. We continue to analyze utilization patterns and cost of utilization to identify ways to better manage this benefit. Some of our programs will initially increase use of appropriate medications but long-term, should help to reduce utilization of higher cost services. We continue to work with the

Pharmacy and Therapeutic Committee to identify less expensive bioequivalent formulations of expensive medications when available to add to our formulary.

Inpatient Services

The overall PMPM, cost per bed-day, bed-days incurred and average length of stay in the acute hospital for all aide codes is at or below budget. We continue to work closely with our hospital partners and the hospitalists to identify alternatives levels of care that are safe and less costly for our members.

We are continuing to focus on better management of chronic condition in compliance with evidenced based guidelines and we believe this is having a good impact on acute hospital utilization. The top Inpatient diagnosis for the family Aid code members is single live born infant and full-term uncomplicated delivery. The top inpatient admission diagnosis for SPD and the Expansion populations is Sepsis. This is driven by the national focus on early identification and management of sepsis and changes to the definition of “sepsis”.

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

The C/Section rate is 6 % in the month of September, 2019 which continues to be below State average for low risk, first birth deliveries. For the month of September 2019, most of our Deliveries occurred at BMH with KMC a close second. (**Attachment C**). The drop in the Obstetrics Metrics for current month’s performance comes from claims lagging between delivery date and claim received date. Since previous month’s performance which represent periods where 100% of claims associated with births have been received show little to no significant difference in the ratio of vaginal vs. C/ Section deliveries, the 6% performance for September is not likely to materially change following receiving all claims for September deliveries.

Hospital Outpatient

Hospital outpatient utilization is stabilized. The cost per outpatient hospital visit is higher than budget for the SPDs. The good news is that it has leveled up since July, 2019. This is much higher than budget in the SPD Population. We are doing analytics to identify the key drivers of hospital outpatient utilization. We are also evaluating the availability of free standing facilities that provide the same services as Hospital outpatient but at a lower cost such as surgery centers, infusion centers, imaging etc.

Emergency Room (ER)

The PMPM cost and number of ER visits have been at or below budget since April, 2019 for all but the SPD Aide code. The overall most frequent diagnosis for the ER is upper respiratory problems followed by other disorders urinary tract running close second. Most of the ER visits are occurring at BMH with Mercy hospital a close second (**Attachment D**).

HEDIS Performance Trending Report (Attachment E)

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

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having the medical condition associated with the measurement represent the denominator. When members receive service(s), it is recorded as “compliant” becoming part of the numerator. The level of achievement is shown as the percentage (%) of members receiving the required (service(s)). The minimum target performance percentage (MPL) is established by DHCS each year and the previous year’s MPL is used here to determine how well our HEDIS program performs against this standard. 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 15 HEDIS measures displayed in this report, 8 measures are in green and on target to meet expectation but 6 are yellow; trending slightly below 2018 performance. As we continue to receive encounter and claims information from our network we are expecting to see many of the yellow measures go to green.

The one remaining measure (AAB) is red indicating it continues to trend below 2018 performance and will be investigated to determine the cause for this performance.



Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

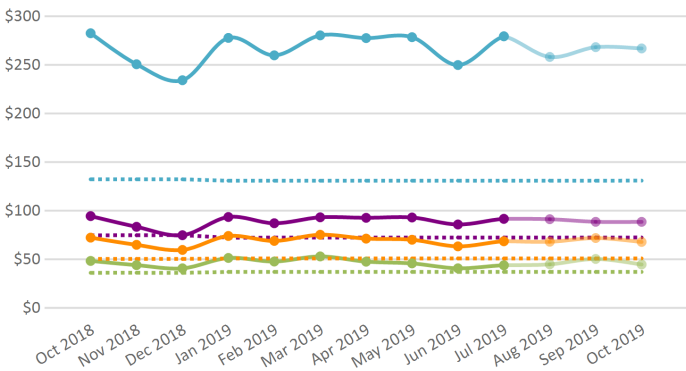


Physician Services

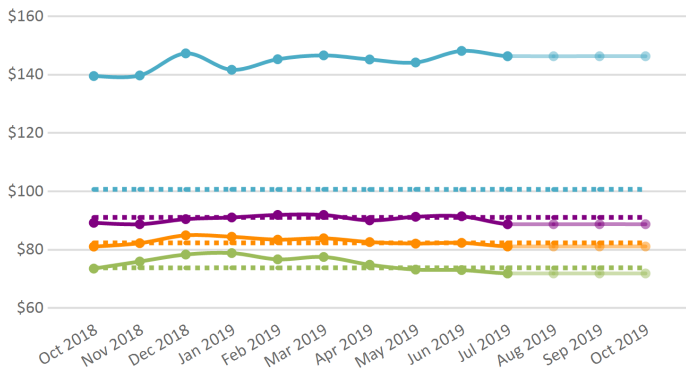
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

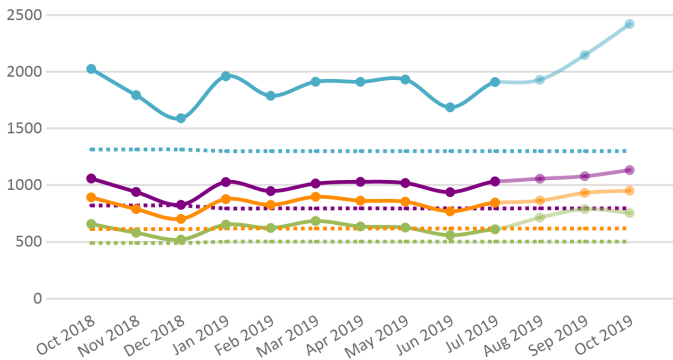
Professional Services Incurred by Aid Group PMPM



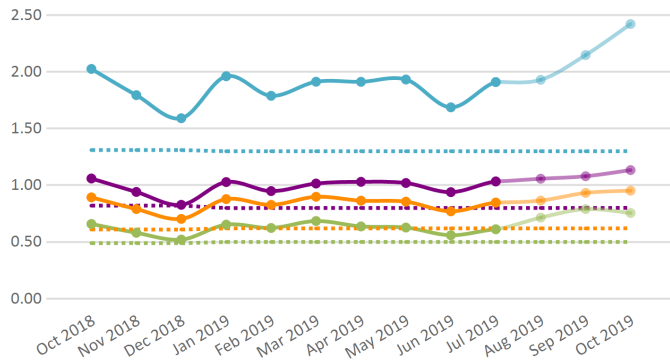
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





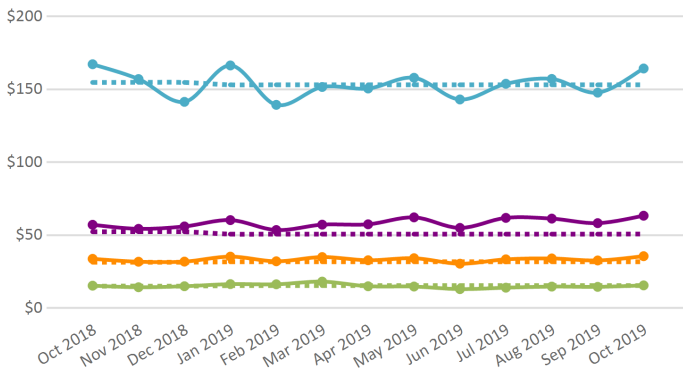
Governed Reporting System

Pharmacy

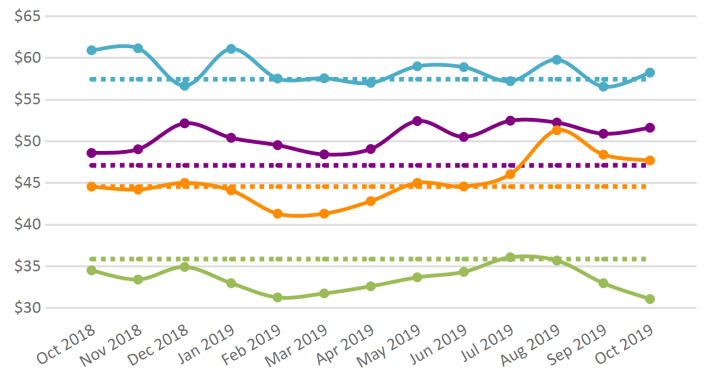
(Includes: Claims paid by PBM)

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

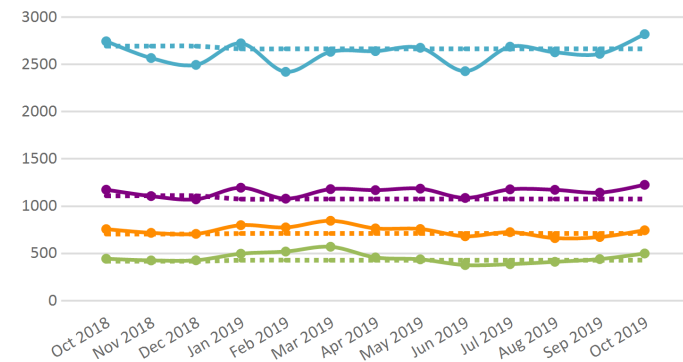
Pharmacy Services Incurred by Aid Group PMPM



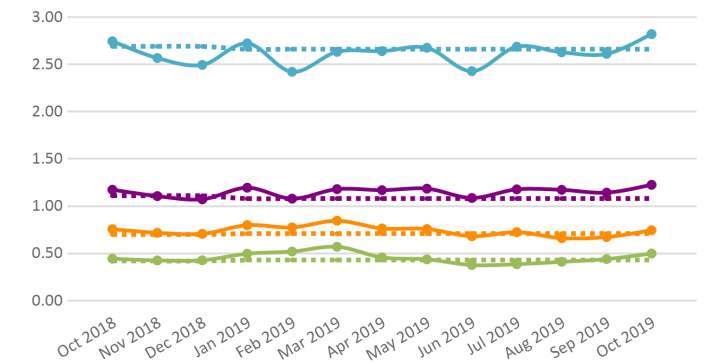
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





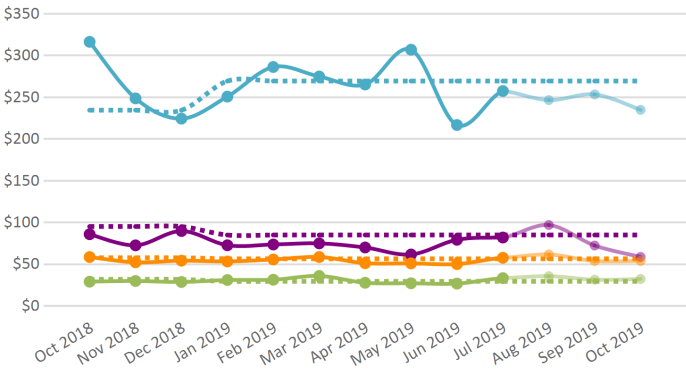
Governed Reporting System

Inpatient

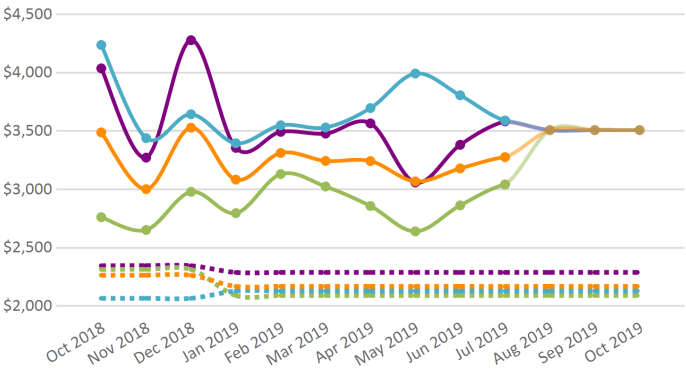
(Includes: Inpatient Hospital Claims)

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

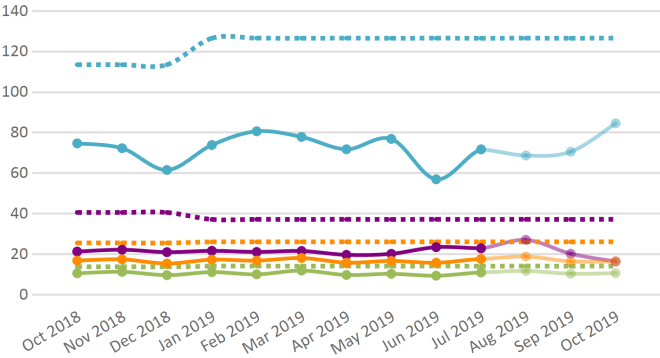
Inpatient Services Incurred by Aid Group PMPM



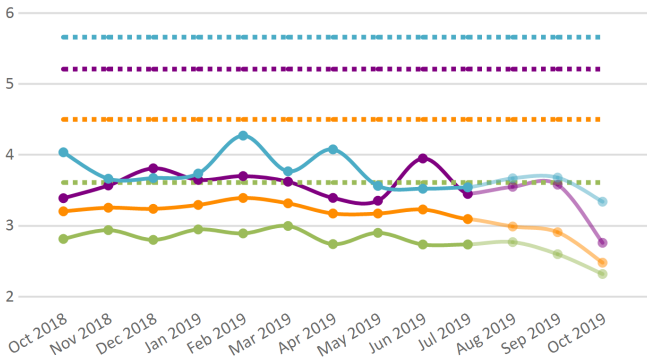
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

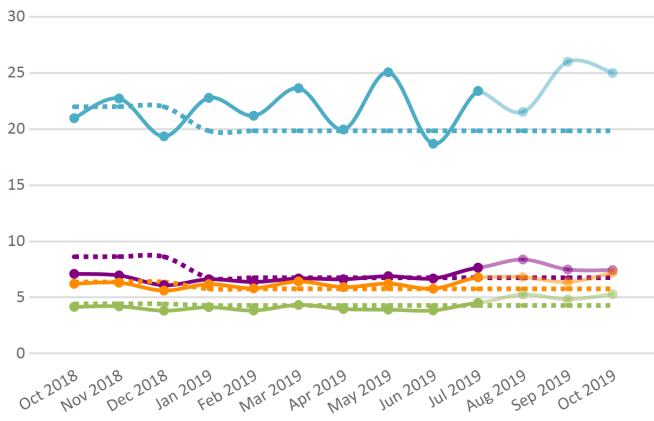


Inpatient

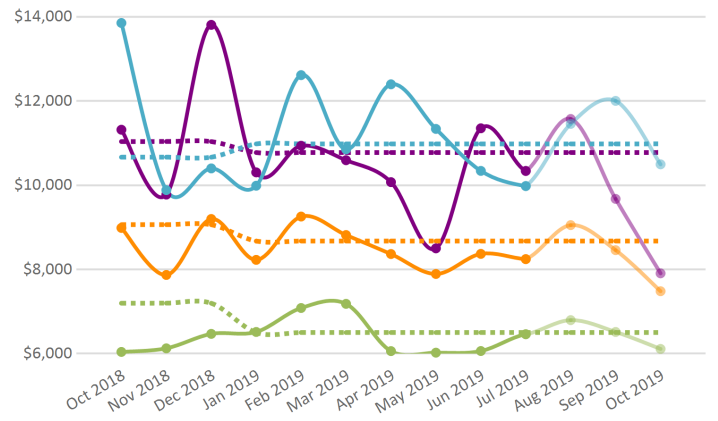
(Includes: Inpatient Hospital Claims)

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

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





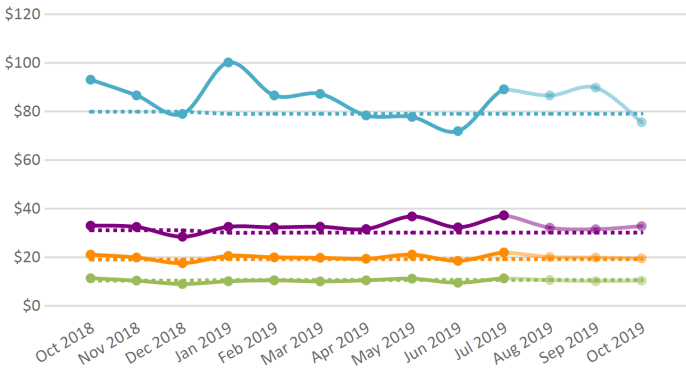
Governed Reporting System

Outpatient Hospital

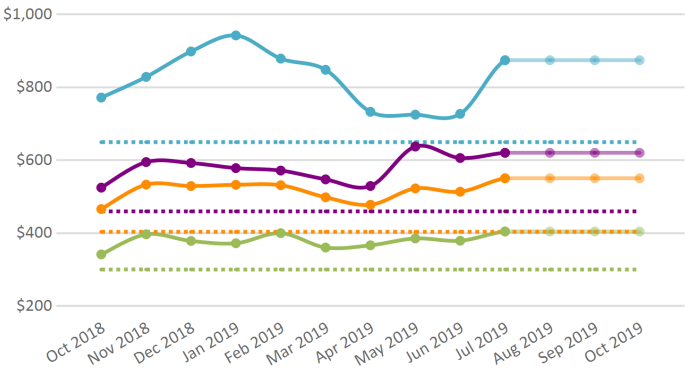
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

- MCAL Expansion - Actual
- MCAL 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

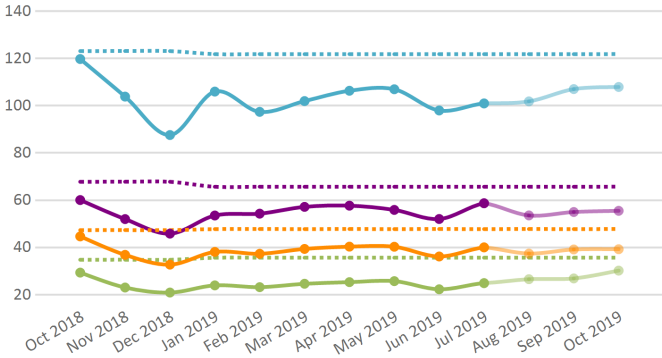
Outpatient Services Incurred by Aid Group PMPM



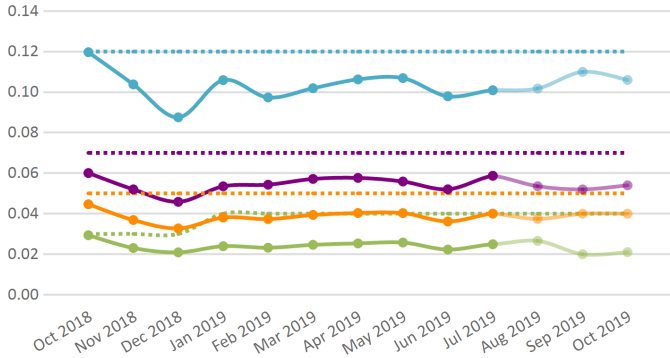
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





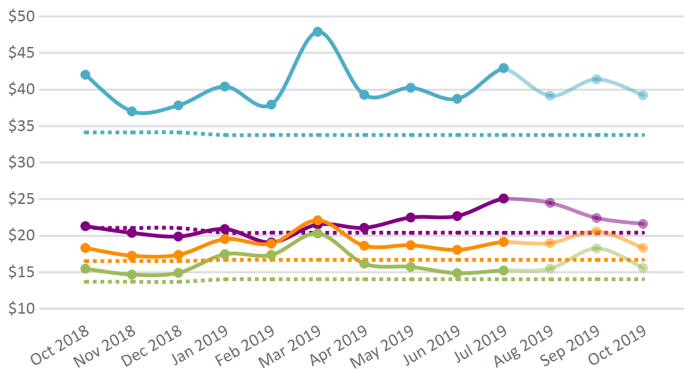
Governed Reporting System



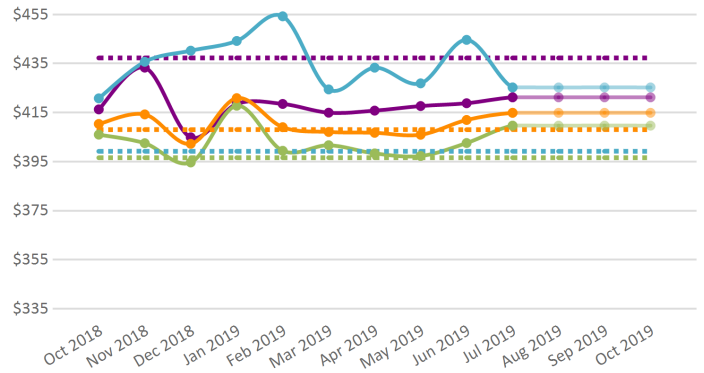
Emergency Room

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

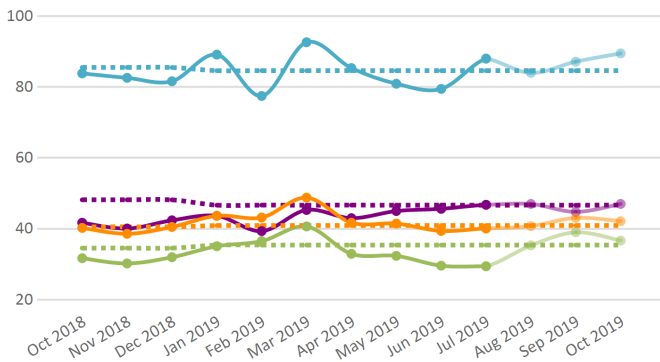
ER Services Incurred by Aid Group PMPM



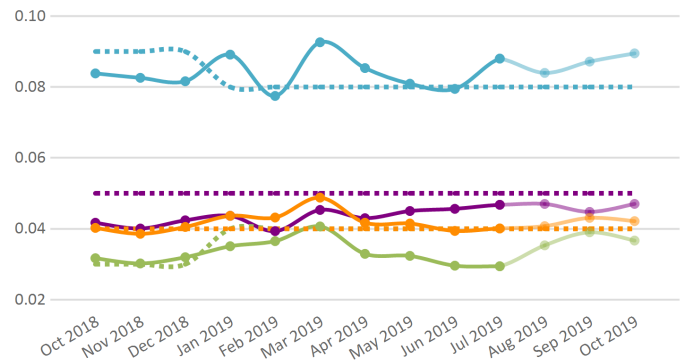
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



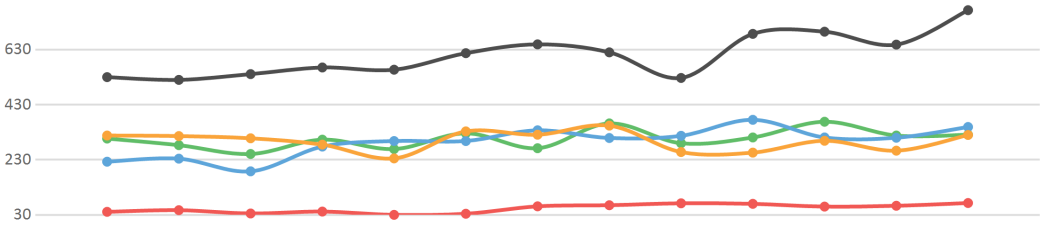
ER Visits per Member per Month by Aid Group



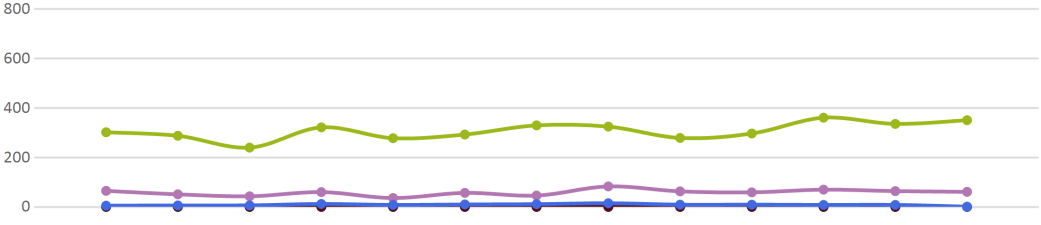


Governed Reporting System

Inpatient Admits by Hospital



	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
BAKERSFIELD MEMORIAL	530	520	541	565	557	617	649	620	527	687	695	648	773
MERCY HOSPITAL	307	283	251	303	269	326	272	362	290	311	368	318	321
ADVENTIST HEALTH	223	234	188	278	298	298	337	309	317	375	311	310	349
KERN MEDICAL	318	316	308	285	235	333	321	354	258	256	299	263	320
GOOD SAMARITAN HOSPITAL	41	47	35	42	30	34	61	65	72	70	60	63	73

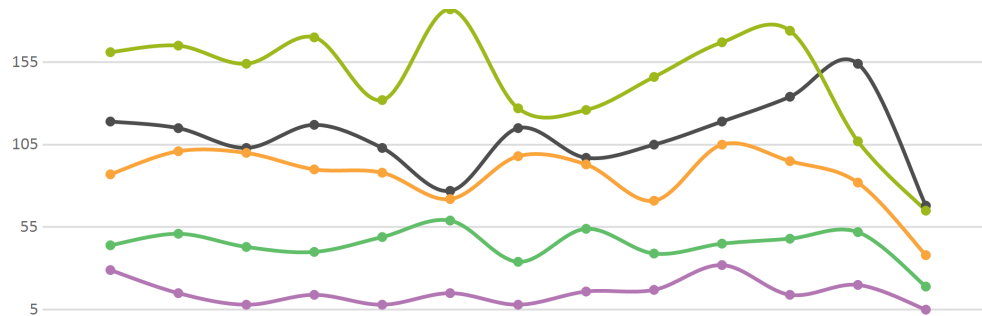


	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
OUT OF AREA	302	288	240	322	278	293	330	325	279	297	361	336	351
DELANO REGIONAL HOSPITAL	65	51	43	60	36	57	46	83	63	59	70	64	61
BAKERSFIELD HEART HOSP	67	52	41	50	50	34	45	37	43	46	60	59	50
KERN VLY HLTHCRE HOSP	5	6	6	12	8	10	11	15	9	9	8	8	1

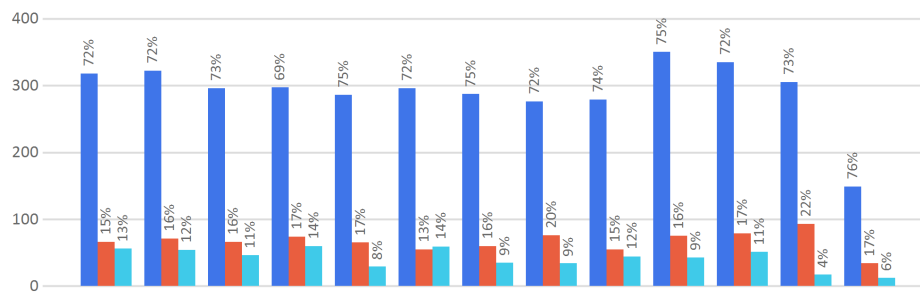


Governed Reporting System

Obstetrics Metrics



	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
BAKERSFIELD MEMORIAL	119	115	103	117	103	77	115	97	105	119	134	154	68
KERN MEDICAL	87	101	100	90	88	72	98	93	71	105	95	82	38
OTHER	161	165	154	170	132	187	127	126	146	167	174	107	65
MERCY HOSPITAL	44	51	43	40	49	59	34	54	39	45	48	52	19
DELANO REGIONAL HOSPITAL	29	15	8	14	8	15	8	16	17	32	14	20	5

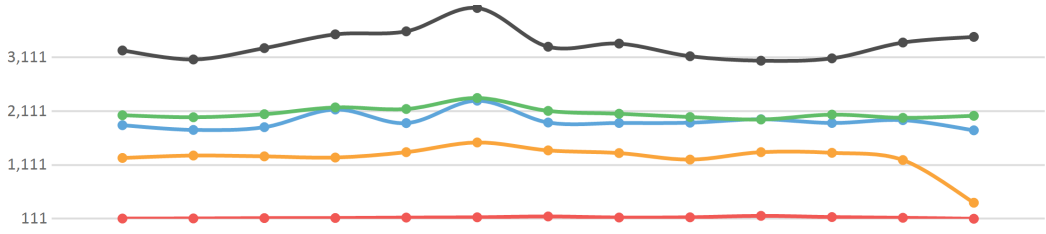


	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
VAGINAL DELIVERY	318	322	296	297	286	296	287	276	279	350	335	305	149
C-SECTION DELIVERY	66	71	66	74	65	55	60	76	55	75	79	93	34
PREVIOUS C-SECTION DELIVERY	56	54	46	60	29	59	35	34	44	43	51	17	12

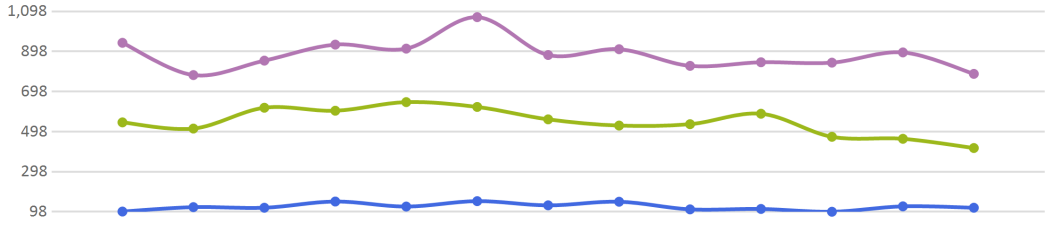


Governed Reporting System

Emergency Visits by Hospital



	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
BAKERSFIELD MEMORIAL	3,239	3,072	3,283	3,539	3,595	4,029	3,309	3,367	3,132	3,049	3,093	3,387	3,492
MERCY HOSPITAL	2,036	1,998	2,055	2,181	2,151	2,356	2,116	2,063	2,002	1,956	2,047	1,987	2,025
ADVENTIST HEALTH	1,850	1,762	1,813	2,142	1,889	2,306	1,900	1,891	1,897	1,961	1,891	1,944	1,755
KERN MEDICAL	1,241	1,286	1,271	1,249	1,349	1,529	1,382	1,332	1,211	1,349	1,337	1,202	409
BAKERSFIELD HEART HOSP	115	117	123	125	133	138	154	134	138	165	142	129	111



	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
DELANO REGIONAL HOSPITAL	941	780	852	932	912	1,069	880	909	826	844	842	893	786
OUT OF AREA	544	513	617	602	645	621	559	528	535	587	472	462	416
KERN VLY HLTHCRE HOSP	99	121	118	149	124	151	130	148	110	112	98	125	118



Governed Reporting System

Attachment E

Kern Health Systems

HEDIS Trending Dashboard November 2019



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Hybrid Measures	CCS 43.58% Prior Year 46.18% % Point Change -2.61%	CDC - Eye Exam 35.45% Prior Year 29.62% % Point Change 5.83%	CDC - Hba1c Test 79.33% Prior Year 78.75% % Point Change 0.58%	CDC - Nephropathy 87.01% Prior Year 85.97% % Point Change 1.05%
	CIS - Combo 3 27.93% Prior Year 28.92% % Point Change -0.98%	IMA - Combo 2 27.55% Prior Year 31.67% % Point Change -4.12%	PPC - Prenatal 67.64% Prior Year 64.92% % Point Change 2.72%	PPC - Postpartum 60.81% Prior Year 56.79% % Point Change 4.02%
	W34 59.36% Prior Year 60.11% % Point Change -0.75%			
	AAB 36.90% Prior Year 57.92% % Point Change -21.02%	AMR 38.30% Prior Year 22.50% % Point Change 15.80%	BCS 49.26% Prior Year 46.97% % Point Change 2.30%	LBP 71.00% Prior Year 73.13% % Point Change -2.13%
Administrative Measures	MPM - Ace Inhibitors 86.96% Prior Year 87.26% % Point Change -0.30%	MPM - Diuretics 86.71% Prior Year 86.59% % Point Change 0.11%		



Governed Reporting System

Hybrid Measures

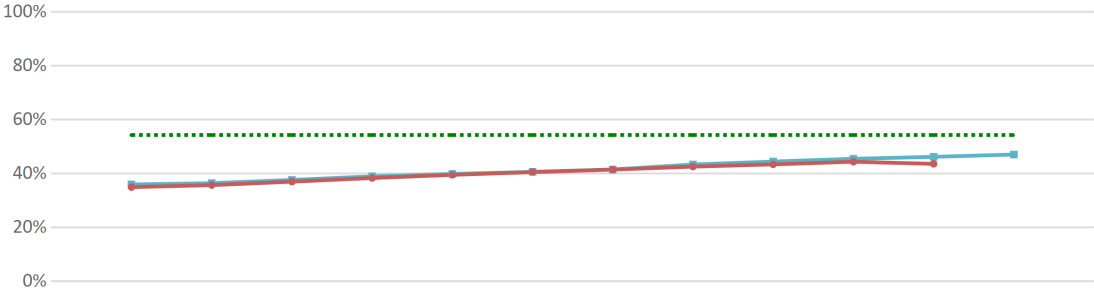
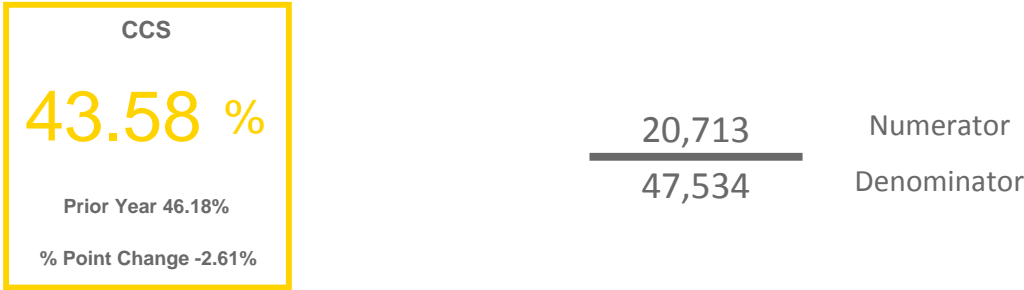


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Cervical Cancer Screening (CCS)

Y



	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%	38.31%	39.50%	40.52%	41.45%	42.55%	43.40%	44.36%	43.58%	
MPL	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%	54.26%

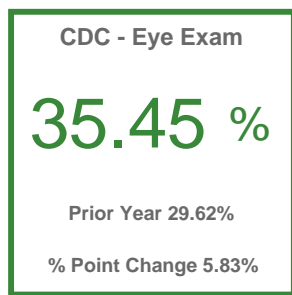


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HEDIS Trending Year-Over-Year Comparison

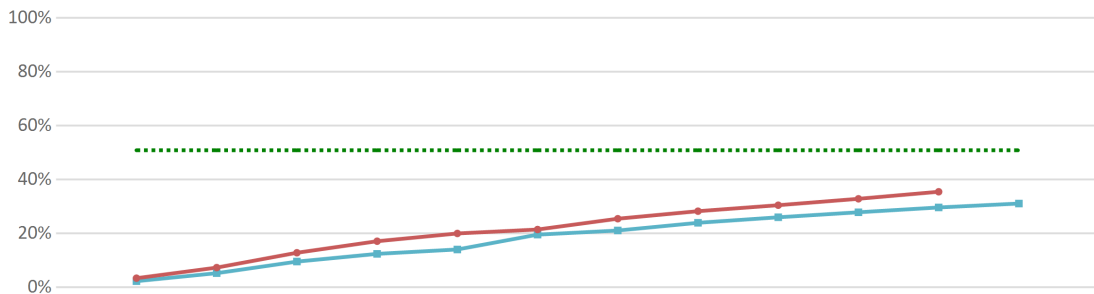
Comprehensive Diabetes Care (CDC - EYE EXAM)

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



$$\frac{4,072}{11,488}$$

Numerator
Denominator



	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%	17.08%	19.96%	21.43%	25.44%	28.23%	30.45%	32.83%	35.45%	
MPL	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%	50.85%

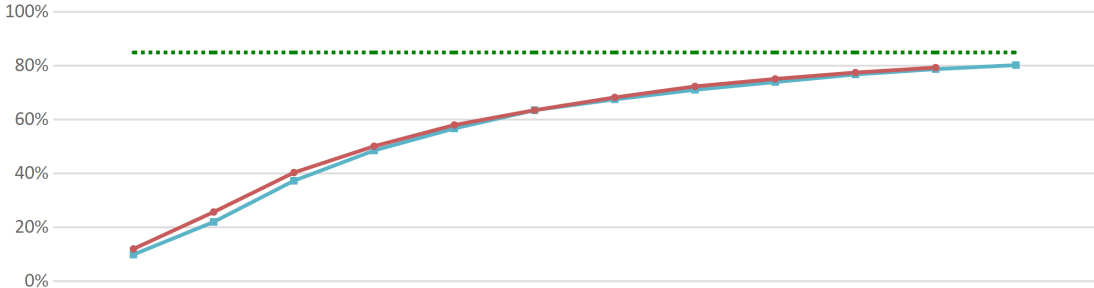
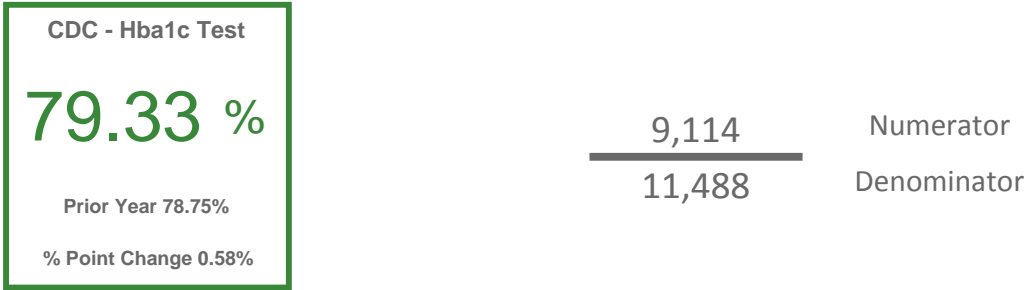


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HEDIS Trending Year-Over-Year Comparison

Comprehensive Diabetes Care (CDC - HBA1C TEST)

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



	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%	50.13%	58.01%	63.51%	68.25%	72.35%	75.12%	77.49%	79.33%	
MPL	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%	84.93%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Comprehensive Diabetes Care (CDC - NEPHROPATHY)

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

CDC - Nephropathy

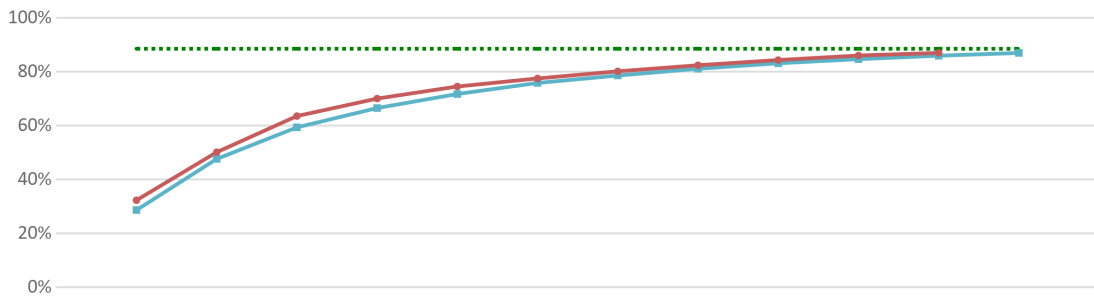
87.01 %

Prior Year 85.97%

% Point Change 1.05%

$$\frac{9,996}{11,488}$$

Numerator
Denominator



	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%	70.05%	74.54%	77.52%	80.16%	82.43%	84.36%	86.03%	87.01%	
MPL	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%	88.56%

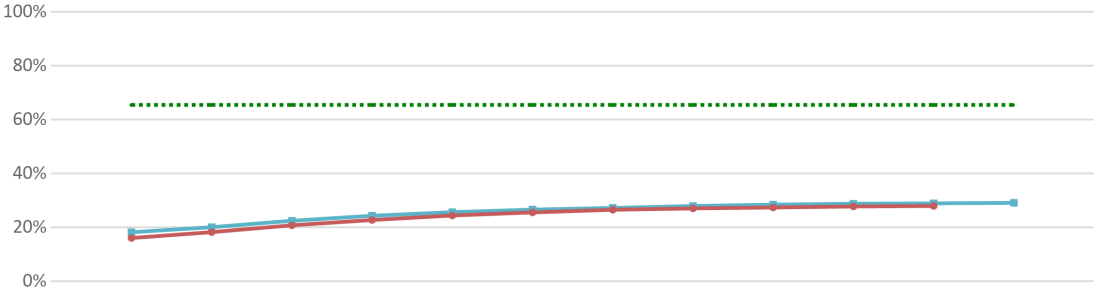


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HEDIS Trending Year-Over-Year Comparison

Childhood Immunization Status (CIS - COMBO 3)

Y



	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%	22.73%	24.40%	25.55%	26.53%	27.04%	27.37%	27.75%	27.93%	
MPL	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%	65.45%



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HEDIS Trending Year-Over-Year Comparison

Immunizations for Adolescents (IMA - COMBO 2)

Y

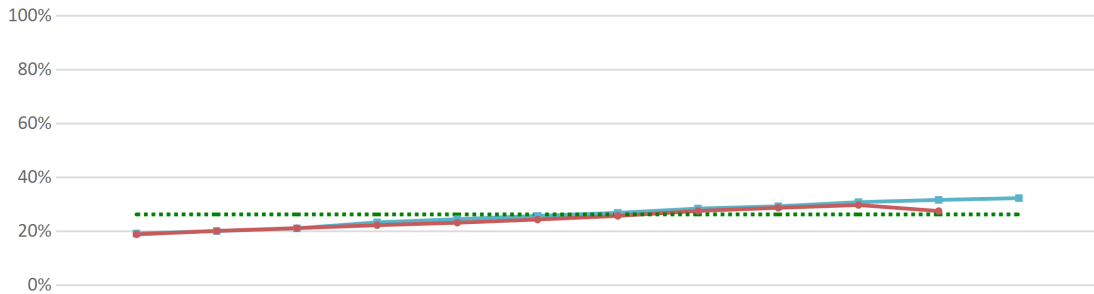
IMA - Combo 2

27.55 %

Prior Year 31.67%

% Point Change -4.12%

$$\frac{1,805}{6,552} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	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%	22.29%	23.21%	24.39%	25.74%	27.59%	28.75%	29.78%	27.55%	
MPL	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%	26.28%

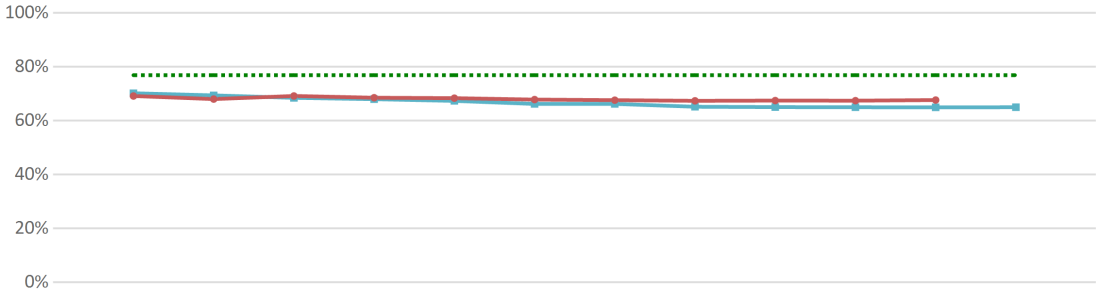
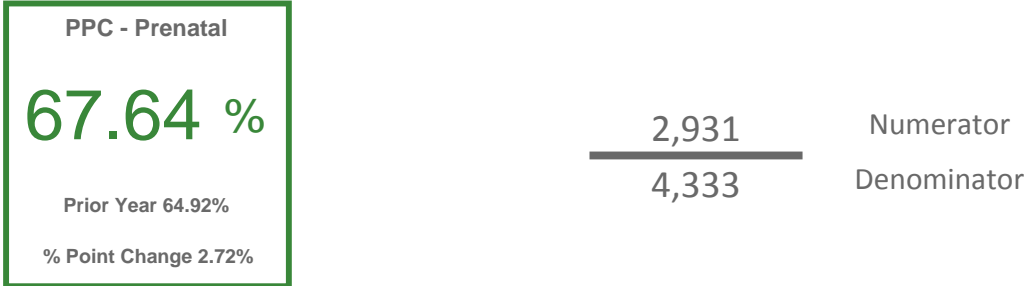


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Prenatal and Postpartum Care (PPC - PRENATAL)

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



	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%	68.51%	68.34%	67.82%	67.60%	67.36%	67.45%	67.41%	67.64%	
MPL	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%	76.89%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Prenatal and Postpartum Care (PPC - POSTPARTUM)

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

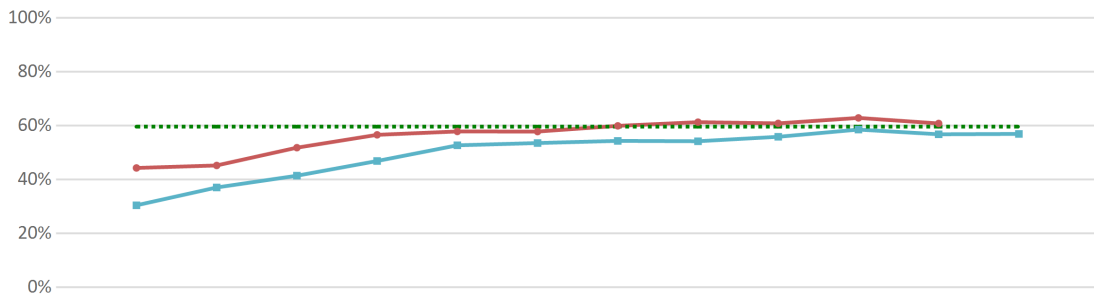
PPC - Postpartum

60.81 %

Prior Year 56.79%

% Point Change 4.02%

$$\frac{2,635}{4,333} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	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%	56.59%	57.83%	57.80%	59.92%	61.29%	60.84%	62.87%	60.81%	
MPL	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%	59.61%

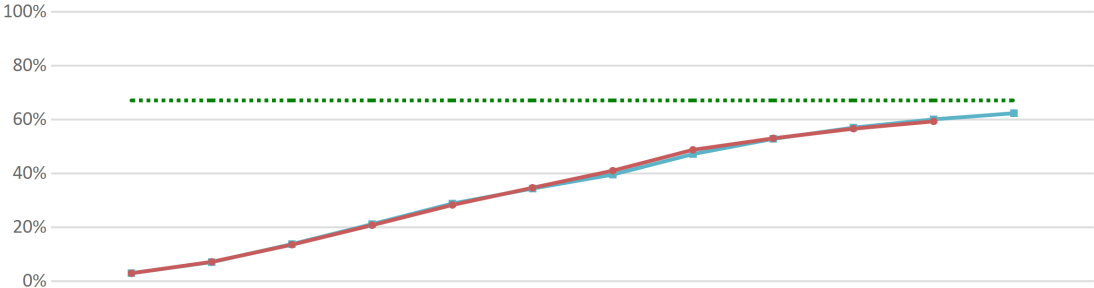
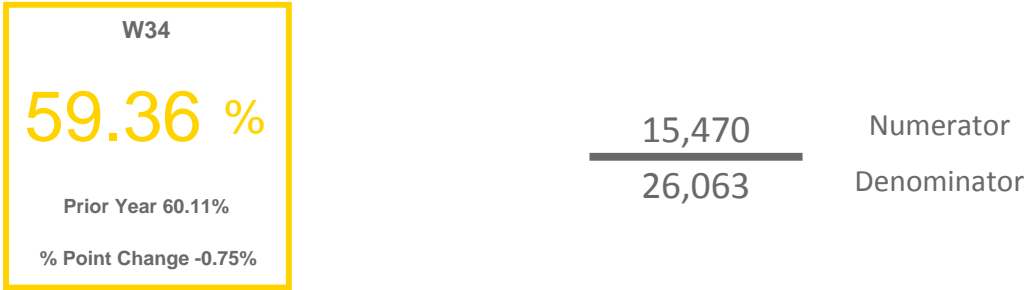


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

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

Y



	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%	20.81%	28.31%	34.70%	41.05%	48.80%	53.05%	56.64%	59.36%	
MPL	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%	67.15%



Governed Reporting System

Administrative Measures

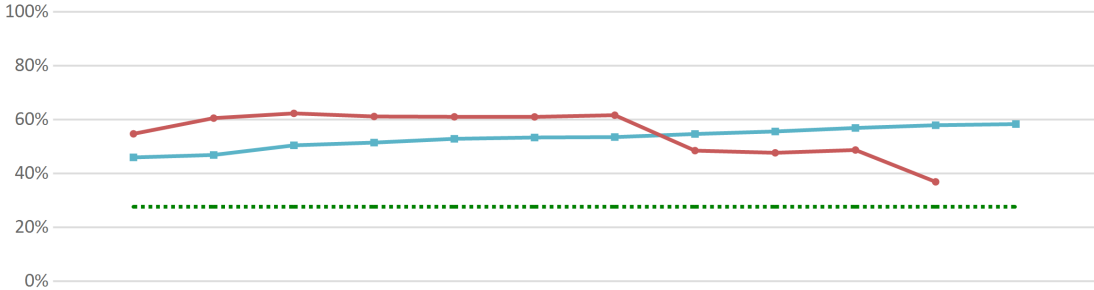


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

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

Y



	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%	61.17%	61.05%	61.02%	61.65%	48.49%	47.68%	48.72%	36.90%	
MPL	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%	27.63%

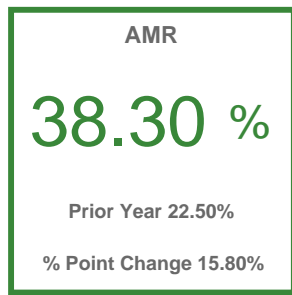


Governed Reporting System

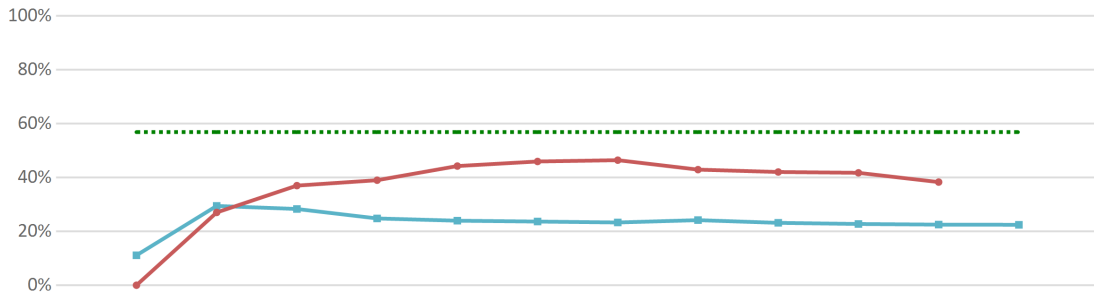
HEDIS Trending Year-Over-Year Comparison

Asthma Medication Ratio (AMR)

Y



$$\frac{406}{1,060} \quad \begin{array}{l} \text{Numerator} \\ \text{Denominator} \end{array}$$



	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%	27.03%	36.99%	38.99%	44.24%	45.95%	46.43%	42.92%	42.04%	41.73%	38.30%	
MPL	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%	56.85%

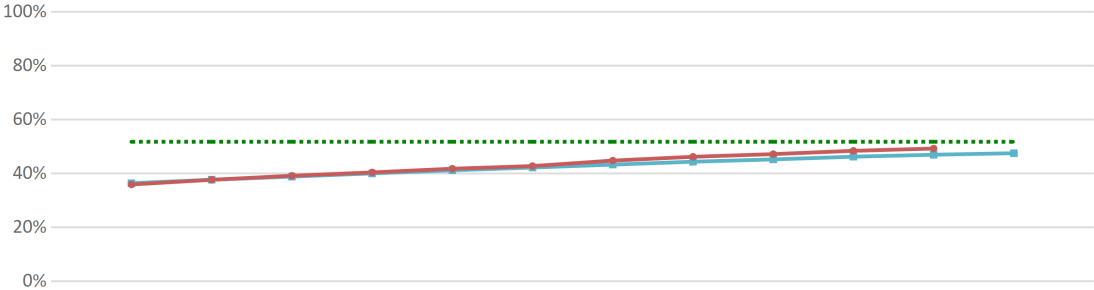


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Breast Cancer Screening (BCS)

Y



	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%	40.41%	41.78%	42.77%	44.80%	46.21%	47.20%	48.43%	49.26%	
MPL	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%	51.78%

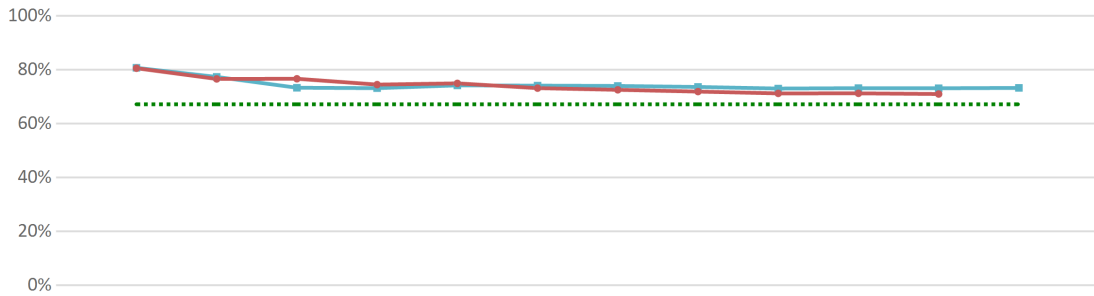


Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

Use of Imaging Studies for Low Back Pain (LBP)

Y



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	80.71%	77.34%	73.33%	73.17%	74.21%	74.11%	73.99%	73.62%	73.03%	73.17%	73.13%	73.25%
2019	80.57%	76.60%	76.65%	74.49%	74.96%	73.18%	72.55%	71.90%	71.23%	71.25%	71.00%	
MPL	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%	67.19%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

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

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

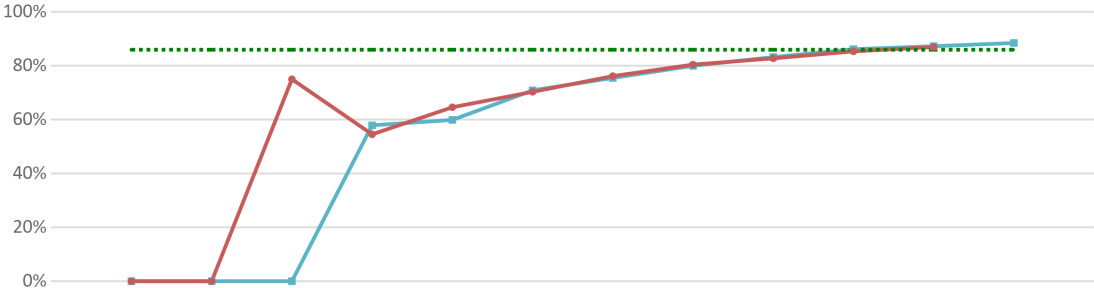
MPM - Ace Inhibitors

86.96 %

Prior Year 87.26%

% Point Change -0.30%

<u>7,535</u>	Numerator
8,665	Denominator



	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%	54.55%	64.60%	70.31%	76.17%	80.43%	82.75%	85.34%	86.96%	
MPL	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%	85.97%



Governed Reporting System

HEDIS Trending Year-Over-Year Comparison

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

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

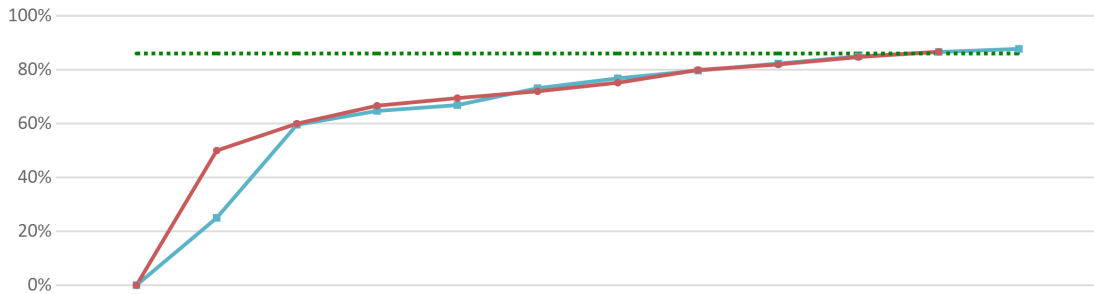
MPM - Diuretics

86.71 %

Prior Year 86.59%

% Point Change 0.11%

<u>3,848</u>	Numerator
4,438	Denominator



	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%	66.67%	69.48%	72.00%	75.18%	79.92%	81.96%	84.73%	86.71%	
MPL	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%	86.06%

KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
December 12, 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).

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.

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.

Attachments D and E represent two routine annual audits conducted by DHCS and DMHC. Attachment D audits, conducted by DHCS focuses on policies and procedures governing the conduct and operations of our medical management role and its compliance with DHCS policies governing medical management. The extensive review showed KHS to be in compliance with most policies citing only 5 minor concerns over clarity or procedure. Each of which requested clarification or elaboration to existing policies or procedures already in place. KHS will submit its plan to correct the policy or procedure for each citation before 12/16/19. Attachment E pertains to a DMHC audit conducted in September, 2019. Following our response to their preliminary findings, DMHC was satisfied requiring no further action as indicated in the letter under Attachment E.

Kern Health Systems
Board of Directors Meeting
CEO Report – December, 2019
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PROGRAM DEVELOPMENT ACTIVITIES

RX Carve-Out

DHCS has been moving forward on the Governor’s Executive order to Carve-Out Pharmacy services from Managed Care Plans effective 1/1/21. DHCS and Health Plan Staff have held a few meetings to discuss the scope of the carve-out and high-level areas of concern. Further discussions will be held to continue to dive into the numerous details that still need to be addressed. In November DHCS selected Magellan Health as the vendor to administer the statewide benefit. This selection has since been appealed which has delayed implementation discussions. Staff and our trade associations continue to advocate with legislators, the Governor’s office, and DHCS to ensure proper planning is conducted prior to the transition.

Health Homes

KHS received DHCS approval for the next phase of the Health Home Program (HHP) intended for those members experiencing serious Behavioral Health issues. This portion of the program will officially launch on 1/1/20. HHP sites with Omni, Dignity, Premier, and Kern Medical are operational. Additional Health Home Sites with Clinica Sierra Vista are being discussed for implementation in 2020. KHS will also be implementing a “distributive model” to serve eligible members identified in community PCP offices. These members will stay with their PCP and receive the enhanced services offered through the HHP via the distributive care team.

Medi-Cal Benefit Changes (Restoration) effective 1/1/2020.

Beginning 2020, the following benefits were restored for Medi-Cal beneficiaries. KHS has always included these services since their inception never removing them as covered benefits.

- Chiropractic Services
- Podiatric Services
- Acupuncture
- Audiology (hearing)
- Adult Vision Services

Kern Health Systems
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LEGISLATIVE SUMMARY UPDATE

Federal Update

Congress has been mired in a number of other policy issues that has severely slowed the progress of legislation. Government funding and impeachment inquiries have certainly stolen the spotlight as of late. There is still a chance drug pricing and/or surprise billing legislation will be included in a broader funding package over the coming months. At this time these bills would have minimal direct impact to KHS, but staff continue to monitor the ongoing negotiations of these policies.

CMS recently released a draft proposed rule with the intention of increasing fiscal accountability oversight of states. Specifically this rule would tighten some of the requirements for popular mechanisms states use to draw down federal matching funds. This includes Inter-Governmental Transfers (IGTs), Certified Public Expenditures (CPEs), Disproportionate Share Hospital (DSH) funding, and provider/MCO taxes. These sources provide major funding to the Medi-Cal program and to the broader healthcare community. Comments to CMS are due mid-January and the rule is anticipated to garner significant feedback from states, hospitals/providers, advocates, and health plans. Other proposed policy/rule changes including modifying poverty level calculations, interoperability requirements, and updating the “Mega-Reg” are awaiting further guidance. These items are being tracked by KHS staff in coordination with our Trade Associations.

In early July an appeals court heard arguments regarding a lower court’s ruling to overturn the Affordable Care Act. The appeals court ruling is anticipated by Q4 2019, but may be appealed further to the Supreme Court. It goes without saying that a court ruling to ultimately overturn the ACA would have profound impacts on the national healthcare landscape. In particular for KHS, the Medicaid Expansion membership would be in jeopardy of losing coverage. The timing of the Supreme Court potentially taking the case would also align with the 2020 Presidential Election cycle. Staff continue to monitor the progress of these proceedings.

State Legislative Session

The deadline for the Governor to veto bills was October 13th. With the passing of this deadline we now have the final list of approved bills for this session (see Attachment F). KHS staff have been working internally on preparing for implementation of these items. The process will start over again in January with the release of the Governor’s draft budget and the reconvening of the Legislature on January 6th.

Kern Health Systems
 Board of Directors Meeting
 CEO Report – December, 2019
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DECEMBER 2019 ENROLLMENT

Medi-Cal Enrollment

As of December 1, 2019, Medi-Cal enrollment is 173,579 which represents a decrease of 1.0% from November enrollment.

Seniors and Persons with Disabilities (SPDs)

As of December 1, 2019, SPD enrollment is 13,802, which represents a decrease of 0.8% from November enrollment.

Expanded Eligible Enrollment

As of December 1, 2019, Expansion enrollment is 60,929 which represents a decrease of 0.7% from November enrollment.

Kaiser Permanente (KP)

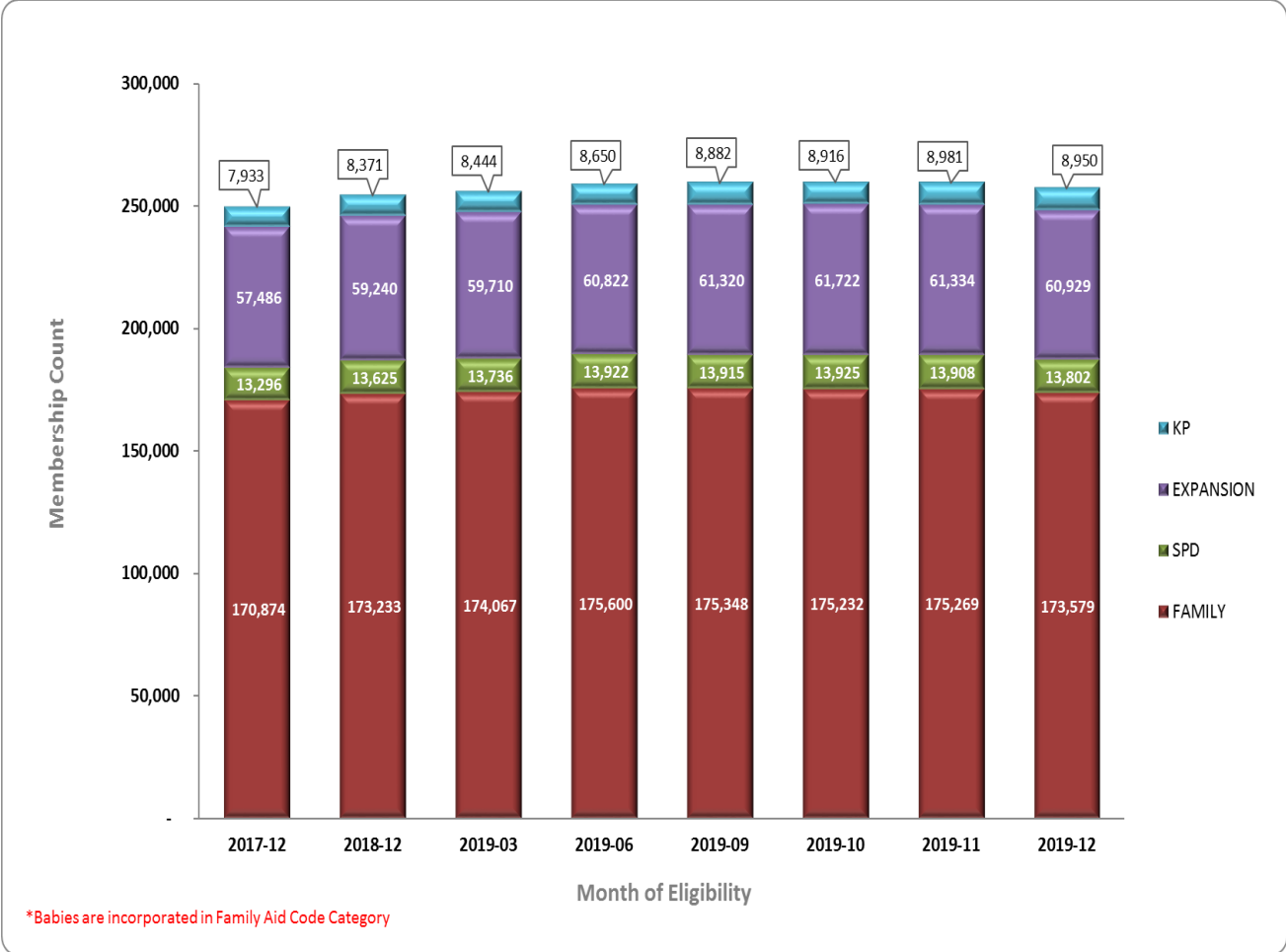
As of December 1, 2019, Kaiser enrollment is 8,950, which represents a decrease of 0.3% from November enrollment.

Total KHS Medi-Cal Managed Care Enrollment*

As of December 1, 2019, total Medi-Cal enrollment is 257,260 which represents a decrease of 0.9% from November enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Monthly/ Member Months Total
2017-12	170,427	13,296	57,486	7,933	447	249,589
2018-12	172,756	13,625	59,240	8,371	477	254,469
2019-03	173,669	13,736	59,710	8,444	398	255,957
2019-06	175,184	13,922	60,822	8,650	416	258,994
2019-09	174,845	13,915	61,320	8,882	503	259,465
2019-10	174,755	13,925	61,722	8,916	477	259,795
2019-11	174,816	13,908	61,334	8,981	453	259,492
2019-12	173,242	13,802	60,929	8,950	337	257,260

Kern Health Systems
 Board of Directors Meeting
 CEO Report – December, 2019
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**We attribute the enrollment decrease to an increase in the amount of Medi-Cal renewals processed by the Kern County Department of Human Services (DHS) the last several months. Historically, this contributes to the enrollment growth we experience in the 1st quarter of the following year as these Medi-Cal eligible are re-enrolled.*

Kern Health Systems
 Board of Directors Meeting
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KHS ADMINISTRATIVE INITIATIVES

Provider Contracting Activity

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

- Ararat Hospice Care, Inc., effective 11/1/19
- Delano Post-Acute Care, SNF, effective 11/1/19
- Respiratory Technologies, Inc. dba: RespirTech, DME assistive devise, effective 11/1/19
- Crystal Rose Home Health, Inc. effective 12/1/19
- David Horovitz, MD, Inc, Urology, effective 12/1/19
- Sound Physicians Emergency Medicine of Southern California, PC, ER Group, 12/1/19
- Mansukh Ghadiya MD, Inc, PCP / Family Practice, effective 12/1/19
- CTON Corporation dba: C-TON Laboratory, effective 10/1/19

Provider Portal Utilization

Encouraging provider office staff to conduct inquires, track claims, review reports and submit information using the Provider Portal results in faster response times for providers. Below is the utilization summary for the most recent three months of data.

	Aug 2019	Sept 2019	Oct 2019
Total HealthX User Accounts	3,734	3,586	3,647
Total HealthX User Accounts	202	183	204
Page Views	666,209	639,384	724,287
Unique Page Views	242,672	238,559	276,413
Avg. Time of Page	3:37	3:33	3:27

Marketing/Public Relations Update

KHS will share sponsorship in the following events in December and January 2020:

- KHS will share sponsorship in the following events in December and January:
- KHS donated \$1,000 to the California Living Museum Foundation to sponsor “2019 Holiday Lights” at CALM from November 30th – January 4th.
- KHS donated \$300 to The Leukemia & Lymphoma Society to sponsor their “Cookies with Santa” event on December 12th.
- KHS donated \$1,000 to the Bakersfield City School District Foundation to sponsor their “Teddy Bear Picnic” on December 12th at the Bakersfield Marriott.
- KHS donated \$2,500 to the Kern County Cancer Fund to sponsor “Christmas with the Cranktones” on December 12th at Buck Owens’ Crystal Palace
- KHS donated \$500 to Clinica Sierra Vista’s Patient Access Program to sponsor the Certified Enrollment Counselors holiday luncheon on December 13th.
- KHS donated \$5,000 to Omni Family Health to sponsor their “2020 All Staff Meeting” on December 13th.
- KHS donated \$2,500 to the CBCC Foundation for Community Wellness Pediatric Christmas Party on Saturday, December 14th at The BLVD. Our donation will allow the Foundation to provide the meal and activity for the children and their siblings. KHS also donated tickets to Holiday Lights at CALM for the families attending the event.
- KHS donated \$1,500 to Houchin Community Blood Bank for their promotion in January – “Resolve to Get Fit and Save Lives!” The goal is to encourage blood donations and to promote exercise and good health while also benefiting a patient in need. One lucky blood donor each week throughout the month of January will win a \$300 Gym membership sponsored by KHS.

In January KHS will participate in:

- 1/25 CA Farmworker Foundation’s 2nd Annual Pruning Contest @ The Grapery in Shafter

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Member Newsletter:

The fall, 2019 Member Newsletter is included under Attachment G.

Employee Newsletters

The October, November and December 2019 Employee Newsletter can be seen by going to links:

<https://us20.campaign-archive.com/?u=f1b2565c17b55547feeb94aeb&id=fdfac154cb>

<https://us20.campaign-archive.com/?u=f1b2565c17b55547feeb94aeb&id=1c6704cf03>

<https://us20.campaign-archive.com/?u=f1b2565c17b55547feeb94aeb&id=7edadcbcb>

ADMINISTRATIVE PERFORMANCE REPORTS

Dashboard Presentation

- The Dashboard Reports showing KHS critical performance measurements for Administrative Services are located under Attachment H.



KERN HEALTH SYSTEMS

Attachment A

Board of Directors Meeting

December 12, 2019

STATE

Department of Health Care Services (DHCS)

All Plan Letters (APL)

The DHCS issued three (3) APL during the months of October and November to provide guidance for Managed Care Plans (MCP) – all three (3) APLs apply to KHS and are on track for appropriate implementation as required by the APL.

APL 19-012 – Federal Drug Utilization Review Requirements Designed to Reduce Opioid Related Fraud, Misuse and Abuse

The purpose of this All Plan Letter (APL) is to inform Medi-Cal managed care health plans (MCPs) of their responsibilities related to the implementation of new federal Medicaid Drug Utilization Review (DUR) requirements outlined in section 1004 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act (H.R. 6, the SUPPORT Act, P.L. 115-271).

Issued: 09/30/2019; Revised: 11/15/2019

Implementation Date: 10/01/2019; Action Item: Submit Policies & Procedures by 04/01/2020

APL 19-013 – Proposition 56 Hyde Reimbursement Requirements for Specified Services

This All Plan Letter (APL) provides Medi-Cal managed care health plans (MCPs) with information on required payments funded by the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) for the provision of specified state-supported medical pregnancy termination services for dates of service on or after 07/01/2017.

Issued: 10/17/2019

APL 19-014 – Responsibilities for Behavioral Health Treatment Coverage for Members Under the Age of 21

The purpose of this All Plan Letter (APL) is to provide guidance to Medi-Cal managed care health plans (MCPs) about the provision of medically necessary Behavioral Health Treatment (BHT)

services for members under the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit and in accordance with mental health parity requirements.

Issued: 11/21/2019 (supersedes APL 18-006)

Department of Manage Health Care (DMHC)

All Plan Letters (APL)

The DMHC issued six (6) APLs during the months of October and November to provide guidance to health care service plans – four (4) of the APLs do not apply to KHS Medi-Cal business; two (2) were completed timely.

APL 19-017 - Requirements Pursuant to AB 315: Pharmacy Benefit Management

The Department of Managed Health Care (DMHC) issues this All Plan Letter (APL) to inform health care service plans (Plans) and pharmacy benefit managers (PBMs) of the requirements of Assembly Bill 315 (Wood, Ch. 905, Stats. 2018), including Article 6.1 of the Health and Safety Code (commencing with Section 1385.001).¹ Specifically, this APL addresses the requirements of Sections 1385.003 through 1385.005, including required Plan disclosures, PBM registration, and other PBM requirements. Plans are asked to disseminate this APL to contracted PBMs.

Issued: 10/11/2019; Action Item Completed: E-1 Filing 11/08/2019; confirmed due to contractual arrangement, no PBM registration required for KHS by 12/31/2019

APL 19-018 - Governor's Proclamation of a State of Emergency Due to Fires in Los Angeles and Riverside Counties

The Department of Managed Health Care (the DMHC) issues this All Plan Letter (APL) to remind health care service plans (plans) of the requirements under Assembly Bill 2941 (Berman, Ch. 196, Stats. 2018) and the related DMHC filing instructions.

Issued: 10/14/2019; not applicable to KHS, as does not include our service area

APL 19-019 - Requirements Pursuant to SB 546 (Leno, 2015): Large Group Renewal Notice Requirements

California Health and Safety Code section 1374.21, subdivision (a) requires all commercial full-service health care service plans (“plans”) to comply with new disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a group health care service plan contract shall become effective unless the plan has delivered written notice indicating the change(s) at least 60 days prior to the contract renewal effective date. For the purpose of this section, large group plans include In Home Support Services (IHSS) products. This letter provides plans guidance on the timing and content requirements of the written notice.

Issued: 10/14/2019; not applicable to KHS

APL 19-020 - Guidance for Regulations Regarding Cancellations, Rescissions and Nonrenewals

The Department of Managed Health Care (the DMHC or Department) issues this All Plan Letter (APL) to provide guidance to health care service plan (plans) regarding the recently adopted revised regulations regarding cancellations, rescissions and nonrenewals. The regulations are

codified in the California Code of Regulations, title 28, sections 1300.65 through 1300.65.5 (Cancellation Regulations) and became effective October 1, 2019. Attached to this APL is the Checklist for Health Care Service Plan Cancellations, Rescissions, and Nonrenewals of an Enrollment or Subscription (Checklist).

Issued: 10/21/2019; not applicable to KHS

APL 19-021 - Governor's Proclamation of a State of Emergency Due to Fires in Sonoma and Los Angeles Counties

The Department of Managed Health Care (the DMHC) issues this All Plan Letter (APL) to remind health care service plans (plans) of the requirements under Assembly Bill 2941 (Berman, Ch. 196, Stats. 2018) and the related DMHC filing instructions.

Issued: 10/25/2019; not applicable to KHS, as does not include our service areas

APL 19-022 - Governor's Proclamation of a Statewide State of Emergency Due to Extreme Fire Weather Conditions

The Department of Managed Health Care (the DMHC) issues this All Plan Letter (APL) to remind health care service plans (plans) of the requirements under Assembly Bill 2941 (Berman, Ch. 196, Stats. 2018) and the related DMHC filing instructions.

Issued: 10/28/2019; Action Item: Exhibits E-1 and J-17 filed 10/29/2019

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 Government Audits [Attachment D and E].

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.

DHCS Medical Audit –2019

Updates:

- 10/09/2019 – Exit Conference was held during which preliminary findings were reviewed.
- 10/24/2019 – KHS provided DHCS with response related to preliminary findings for consideration.
- 11/15/2019 – Final Audit Report Received [Attachments D]
 - One finding from preliminary report successfully removed from Final Audit Report
- Corrective Action Plans currently being developed for submission by 12/16/2019

The DHCS conducted their annual Medical Audit for the review period beginning August 1, 2018 through July 31, 2019. The audit covered six categories: Utilization Management, Case

Management, Access and Availability, Member Rights, Quality System and Delegation, and Administration and Organization Capacity.

DMHC Financial Audit of Kern Health Systems - 2019

Update:

09/25/2019 – KHS provided response to Preliminary Report, including updated policy and contractual language

10/29/2019 – Final Report Received; no further action required (Attachment E)

DMHC conducted a routine examination of the fiscal and administrative affairs of Kern Health Systems for the quarter ended March 31, 2019.

Reporting to government agencies for October and November:

October

Report Name/Item	Status
Arbitration (DMHC)	On time
BHT-CDE Monthly	On time
BHT Quarterly	On time
Call Center Quarter 3 Report	On time
CBAS Quarter 3 Report	On time
Dental Anesthesia Quarter 3	On time
Grievance Tabulated	On time
MER Monthly	On time
NMT-NEMT Monthly	On time
Out-of-Network Quarterly	On time

Provider Network Reports	On time
QI/UM Committee Meeting Minutes	On time
QMART Report	On time
Provider Calls Monthly	On time

November

Report Name/Item	Status
AB 1455 Claims Settlement (DMHC)	On time
BHT-CDE Monthly	On time
Grievance e & Appeals Quarter 3	On time
Health Homes Program Report	On time
Mental Health Quarter 3 (New)	On time
MER Monthly	On time
NMT-NEMT Monthly	On time
Out-of-Network Quarter 3 Report	On time
Palliative Care Quarter 3	On time
Prop 56 Quarter 3 Report	On time

**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
<u>APL 19-001</u>	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	
<u>APL 19-002</u>	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.	
<u>APL 19-003</u>	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.	
<u>APL 19-004</u>	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	Stakeholders completed the questionnaire.	
<u>APL 19-005</u>	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
<u>APL 19-006</u>	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.	5/3/2019	Completed on 4/6/2019	
<u>APL 19-007</u>	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 acknowledged the APL	
<u>APL 19-008</u>	Timely Access Compliance Reports MY 2019	Provider Relations Compliance	Provides MY 2019 requirements for Plans that conduct a (DMHC) mandatory Provider Appointment Availability Survey (PAAS)	3/15/2019	Completed on 5/9/19	
<u>APL 19-009</u>	2019 Annual Assessments	Finance Compliance	Provides Plans with direction for filing the Report of Plan Enrollment	5/14/2019	Completed on 5/15/19	
<u>APL19-010</u>	Introduction of a new Independent Review Organization.	N/A	N/A	4/4/2019	N/A	N/A
<u>APL19-011</u>	QIF Plan Regulatory Requirements	Executives Compliance	The APL reviews the upcoming changes to the treatment of QIF Plans.	6/3/2019	Completed on 6/26/19	
<u>APL19-012</u>	AB 72 Policy and Procedures	N/A	N/A	6/4/2019	N/A	N/A
<u>APL19-013</u>	Block Transfer Enrollee Transfer Notices	N/A	N/A	6/13/2019	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
<u>APL19-014</u>	Guidance Regarding General Licensure Regulation	N/A	N/A	6/14/2019	N/A	N/A
<u>APL19-015</u>	Governor's Declarations of Emergency Kern and San Bernardino Counties - Ridgecrest Earthquakes	Executives Compliance	Within 48 hours of a declaration of emergency by the Governor that displaces or has the immediate potential to displace enrollees, each plan operating in the county(is) included in the declarations must file a notice with the DMHC.	7/9/2019	The Plan filed a notice with the DMHC on July 18, 2019.	
<u>APL19-016</u>	Amendment to the Risk Bearing Organization Regulations	N/A	N/A	9/6/219	N/A	N/A
<u>APL19-017</u>	Requirements Pursuant to AB 315 Pharmacy Benefit Management	Pharmacy Compliance	Specifically, this APL addresses the new requirements including required Plan disclosures, PBM registration, and other PBM requirements. Plans are asked to disseminate this APL to contracted PBMs.	10/14/2019	The Pharmacy Department has sent the APL to the Plan's PBM. Compliance is meeting with Pharmacy on 10/21/19. 11/08/2019: E-Filing completed; confirmed with DHCS no PBM filing needed due to contractual relationship. Complete	
<u>APL19-018</u>	State of Emergency in Los Angeles and Riverside counties due to the effects of several fires.	N/A	N/A	9/6/219	This does not apply to Kern Medi-Cal Service Area	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
<u>APL19-019</u>	Requirements Pursuant to SB 546 (Leno, 2015): Large Group Renewal Notice Requirements	N/A	N/A	9/6/220	This does not apply to Kern Medi-Cal Business	N/A
<u>APL19-020</u>	Guidance for Regulations Regarding Cancellations, Rescissions and Nonrenewals	N/A	N/A		This does not apply to Kern Medi-Cal Business	N/A
<u>APL19-021</u>	State of Emergency in Los Angeles and Sonoma counties due to the effects of several fires.	N/A	N/A	10/25/2019	This does not apply to Kern Medi-Cal Service Area	N/A
<u>APL19-022</u>	Governor’s Proclamation of a Statewide State of Emergency Due to Extreme Fire Weather Conditions	Provider Relations Pharmacy Member Services Compliance	Member Services TARs/Pharmacy	10/28/2019	10/29/2019 - Plan filed Exhibit E-1 and J-17 outlining actions taken Completed	
		KEY				
						Compliance - YES
						Compliance - NO
						Outcome Pending
						N/A - Informational Document

**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
<u>APL19-001</u>	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.	5/25/2019	KHS Boilerplates were approved by DHCS and DMHC. The contracts were implemented and effective July 2019.	
<u>APL19-002</u>	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.	9/26/2019	The APL has been reviewed with Provider Relations. The updated P&P requires review and signatures.	
<u>APL19-003</u>	Providing information Materials to Medi-Cal Beneficiaries in an Electronic Format	Member Services Provider Relations Pharmacy Compliance	The APL provides Medi-Cal managed care health plans with clarification and guidance regarding the provision of the Provider Directory, Formulary, and Member Handbook to Medi-Cal members in an electronic format.	9/26/2019	Stakeholders are working to implement the requirements of the APL. Monthly status meetings are scheduled.	
<u>APL19-004</u>	Provider Credentialing/Recredentialing and Screening/Enrollment	Provider Relations Compliance	The purpose of the APL is to inform Medi-Cal managed care health plans of their responsibilities related to the screening and enrollment of all network providers. APL 19-004 supersedes APL17-019.	10/9/2019	Closing meeting scheduled for October 2019.	

**Kern Health Systems
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APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<u>APL19-005</u>	FQHC and RHC Financial Incentives and Pay for Performance Payment Policy	Provider Relations Finance Health Services Compliance	The purpose of this APL is to provide clarification and guidance to Medi-Cal managed care health plans on the policy requirements for financial incentive payments to FQHCs and RHCs.	6/12/2019	Stakeholders were sent the APL. PMO will oversee implementation.	
<u>APL19-006</u>	Proposition 56 Physician Directed payments for Specified Services for State Fiscal Years 2017-2018 & 2018-2019	Provider Relations Claims Finance IT Compliance	The purpose of this APL is to provide Plans with information on directed payments for certain services funded by Prop 56 for State Fiscal Year (SFY) 2017-18 and SFY 2018-19.	7/15/2019	Stakeholders have implemented APL19-006.	
<u>APL19-007</u>	Non-contract Ground Emergency Transport Payment Obligations for State Fiscal 2018-2019	Provider Relations Claims Finance IT Compliance	The purpose of this APL is to provide Plans with information regarding increased reimbursement for Fee-For-Service ground emergency medical transport (GEMT).	7/12/2019	KHS Stakeholders reviewed the APL and the requirements will be incorporated into biweekly Prop 56 Payment meetings.	
<u>APL19-008</u>	Rate Changes for Emergency and Post-Stabilization Services Provided by Out-of-Network Border Hospitals under DRG Payment Methodology.	Claims Finance IT Compliance	Provides guidance on changes in the DRG payment methodology used to establish reimbursement rates paid to out-of-network border hospitals.	7/18/2019	Stakeholders have reviewed the requirements of the APL, and will monitor updates with Border Hospitals.	

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APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<u>APL19-009</u>	Telehealth Services Policy	Provider Relations Health Services IT Compliance	The purpose of the APL is to provide clarification to Plans on DHCS policy on Medi-Cal services offered through a telehealth modality as outlined in the Medi-Cal Provider Manual	9/24/2019	Stakeholders reviewed the APL and declined to update P&Ps at this time.	
<u>APL19-010</u>	Requirements for Coverage of Early and Periodic Screening Diagnostic and Treatment Services for Medi-Cal members Under the Age of 21.	Health Services Member Services Provider Relations Compliance	The APL clarifies the responsibilities of Medi-Cal MCPs to provide Early and Periodic Screening, Diagnostic, and Treatment services to eligible members under the age of 21.	9/26/2019	Stakeholders have updated P&P 3.13-P and it has been sent to the State for review. 12/03/2019 - Approval from State Received; validating impacts related to new APL 19-014 on this policy	
<u>APL19-011</u>	Health Education and Cultural and Linguistic Population Needs Assessment	Health Services Compliance	The purpose of the APL is to update and clarify the Health Education and Cultural and Linguistic (C&L) Population Needs Assessment (PNA) contract requirements for Plans.	9/30/2019	P&P 2.11-I updated by Stakeholders. Awaiting confirmation from DHCS regarding Group Needs Assessment timeline. No due date specified. 11/25/2019 - Received clarification on timeline; PNA reports due 06/30/2020; will schedule follow up meeting with Stakeholders	

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APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Review Date	Status/Comment	Compliance Status
<u>APL19-012</u>	Federal Drug Utilization Review Requirements Designed to Reduce Opioid Related Fraud, Misuse, and Abuse.	Pharmacy Health Services Compliance	The purpose of the APL is to inform Plans of their responsibilities related to the implementation of new federal Medicaid Drug Utilization Review (DUR) requirements.	10/3/2019	Confirmed Compliance with 10/01/2019 Implementation Date with Pharmacy Dept. Due date extended to 4/1/2020 for Policies; Working on P&P with Stakeholders.	
<u>APL19-013</u>	Proposition 56 Hyde Reimbursement requirements for specified services	Claims Member Services Finance Compliance	The purpose of this APL is to provide Plans with information on required payments funded by the Prop 56 for the provision of specified state-supported medical pregnancy termination services.	10/17/2019	check Run #1 is in process.	
<u>APL19-014</u>	Responsibilities for Behavioral Health Treatment Coverage for Members Under the Age of 21	Health Services	The purpose of this All Plan Letter (APL) is to provide guidance to Medi-Cal managed care health plans (MCPs) about the provision of medically necessary Behavioral Health Treatment (BHT) services for members under the Early and	12/3/2019	Small Stakeholder Meeting held to review policy updates needed	
		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 2.11-1, Group Needs Assessment, requires minor policy revisions.		Compliance Requirement Met: The Plan revised 2.11-1, 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 6.29-4, Recovery of Claims Overpayments requires minor policy revisions.		Compliance Requirement Met: Policy 6.29-4, Recovery of Claims Overpayments was updated to reference Policy 6.01- P, Claims Submission and Reimbursement.	
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	10/31/2019	Compliance Requirement Not Met: The Plan's Legal Dept. provided recommendations to the Professional Service Agreement (PSA) incorporating APL requirements. 14.55-1 requires minor revisions to incorporate the APL requirements.		Compliance Requirement Not Met: The Director of Procurement and Facilities is awaiting the final PSA from the Legal Department. Feedback received; Interim Director of Compliance is reviewing	
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: 14.57-4, 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.	
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: 13.04-1, 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.	

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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 17-010	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	10/5/2019	Compliance Requirement Not Met: 3.75-I, is not in alignment with the APL requirements, DHCS Contract A.10.4. and CA.W&J §14182 14.A-E. Stakeholders will need to revise Policy 3.75-I, to include current process and procedures. Pending receipt of KFHP's P&Ps.		Compliance Requirement Met: 3.75-I, was revised and implemented to comply with APL 17-013. Current process and procedures support Case Management CMA's outreach attempts in accordance with the APL requirements. The Plan has reached out to KFHP for implemented Policy and Procedures.	
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).			
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.	

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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 17-018	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	Voluntary Inpatient Detoxification	Member Services Health Services	Clarification provided regarding voluntary inpatient detoxification.	10/9/2019	12/16/2019	In Process: 3.10-P was revised to meet APL requirements. Requested additional deliverables from Stakeholder.			
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.	9/16/2019	9/27/2019	Compliance Requirement Met: DHCS certified KHS as compliant with it's 2018 Annual Network Certification. 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.	8/14/2019	12/31/2019	In Process: 3.72-P is in alignment with the APL requirements. KHS has methods in place to ensure the provision of BHT services. A dedicated Case Worker coordinates services. BHT Plans are reviewed. Pending Verification Sample Selection.			

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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
<u>APL 18-007</u>	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 Procedures 3.13-P, EPSDT Services and Targeted Case Management, requires minor revisions. Policies and Procedures 3.03-P, 3.05-I, and 3.16-P require review and implementation.		Compliance Requirement Met: Revised Policies and Procedures revisions for 3.03-P, 3.05-I, 3.13-P, and 3.16-P have been implemented.	
<u>APL 18-008</u> <u>REVISED</u>	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.	5/15/2019	11/30/2019	Compliance Requirement Not Met: Policy and Procedure 3.40-I, Continuity of Care (COC) for New Members requires minor revisions. The Plan does not inform KHS Members 30 days prior to the ending of the (COC) period as required by the APL.		Current Status: Revised Policy and Procedure 3.40-I, COC for New Members has been implemented. The Utilization Management Dept. is in the process of creating a template to inform Members of their COC status.	
<u>APL 18-009</u>	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 (MOU) with a Regional Center to cover all members receiving Behavioral Health Treatment services, regardless of diagnosis.	3/25/2019	4/8/2019	Compliance Requirement Met: The Plan's MOU with Kern Regional Center (KRC) was implemented on July 19, 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
<u>APL 18-010</u>	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.	9/9/2019	11/30/2019	In Process: Potential Findings and Recommendations are scheduled for discussion on Nov. 20 with Stakeholders. Findings and Recommendations Reviewed; awaiting several action items to complete			
<u>APL 18-011</u>	California Children's Services Whole Child Model Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>APL 18-012</u>	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
<u>APL 18-013</u>	Hepatitis C Virus Treatment Policy Update	Health Services Pharmacy	Provides updates to the DHCS hepatitis C policy that was previously released in July 2015.	2/20/2019	10/21/2019	Compliance Requirement Met: KHS Policy and Procedure 3.22-P is in line with the APL requirements.			
<u>APL 18-014</u>	Alcohol Misuse: Screening and Behavioral Counseling Interventions in Primary Care	Health Services Provider Relations	Clarifies primary care requirements to provide Alcohol Misuse Screening and Behavioral Counseling interventions to members 18 years and older.	1/18/2019	10/7/2019	Compliance Requirement Not Met: The Policy provided by the delegated entity does not provide the most current APL requirements.		Current Status: The Plan received a revised Policy by the delegated entity with the most current APL requirements.	

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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
<u>APL 18-015</u>	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.	9/16/2019	10/4/2019	In Process: Compliance will review Kern Behavioral Health and Recovery Services (Kern BHRS) MOU, KHS Policy 3.14-P, Recovery Services, DHCS Contract Language, and Title 9 Medi-Cal Specialty Mental Health Services against the APL requirements.		Current Status: Policy 3.014 is circulating for management signatures. Retrospective was reviewed by Director and Consultant and has been completed.	
<u>APL 18-016</u>	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.			
<u>APL 18-017</u>	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	4/23/2019	Compliance Requirement Not Met: 3.13-P, is in line with the APL requirements. On 4/10/19, Provider Relations released a Provider Bulletin as a reminder of the APL requirements for all Providers. The Plan is currently pending applicable Policy and Procedures from Kaiser Foundation Health Plan (KFHP).		Current Status: The Plan continues to reach out to the Delegate Entity for Policy and Procedures.	
<u>APL 18-018</u>	Diabetes Prevention Program	Health Services Disease Management Provider Relations Member Services	The APL provides guidance on the implementation of the Diabetes Prevention Program.	10/10/2019	12/31/2019	In Process: Performing GAP analysis on 3.90-I and APL 18-018. Pending meeting with Stakeholders.			

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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 18-019	Family Planning Services Policy for Self-Administered Hormonal Contraceptives	Pharmacy Health Services Claims Member Services Provider Relations	Clarifies DCHS' requirements for coverage of self-administered hormonal contraceptive supplies for family planning.	11/18/2019	12/31/2019	In Process: Performing policy comparison with APL requirements.			
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
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	10/10/2019	Compliance Requirement Met: Policy 3.24-P, Pregnancy and Maternity Care is in alignment with the APL requirements.			
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						

**Kern Health Systems
2018 DMHC All Plan Letter Index and Status Updates
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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
<u>APL 18-001</u>	Newly Enacted Statutes Impacting Health Plan License Files	Compliance Member Services	Identifies requirements for EOC'S, Disclosure Forms, Provider Contracts.	11/8/2019		In Process: Initial assessment of approach to review APL completed			
<u>APL 18-002</u>	Timely Access Compliance Report MY 2018	Compliance Provider Relations	Accurate filing of the Timely Access Compliance Report for MY 2018.	1/16/2019	5/7/2019	Compliance Requirement Met: 4.30-P §4.1.1 is in alignment with the APL requirements. The Plan filed an Exhibit J-13 for 4.30-P, §4.1.1.			
<u>APL 18-003</u>	Plan Year 2019 QHP/QDP Filing Requirements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>APL 18-004</u>	Unified Billing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>APL 18-005</u>	Administrative Services Agreement (ASA) Checklist	Compliance Procurement and Facilities	Amended Administrative Services Agreement Updates.	3/26/2019	11/30/2019	In Process: Compliance Dept. is working on a process improvement plan to meet APL requirements of timely and proper ASA Submission.			
<u>APL 18-006</u>	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.			
<u>APL 18-007</u>	Confidentiality of Information Submitted to Office of Plan Licensing	Compliance	Guidance for submitting requests for Confidentiality.	4/10/2019	5/24/2019	Compliance Requirement Met: DMHC eFiling requiring confidentiality was properly filed.			
<u>APL 18-008</u>	AB72 Delegated Entity Report	N/A	N/A	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 18-009	Responding to Help Center RHPs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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.	10/15/2019	11/15/2019	Upon review of APL and required actions, confirmed compliance with APL; no further audit of this APL is needed			
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.	11/15/2019		In Process: Initial assessment of approach to review APL completed			
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.	5/28/2019	11/12/2019	Compliance Requirement Met: W-11 filed timely.			
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

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

APL Number	Description	Impacted Department(s)	Impacted Functions	Plan Compliance Start Date	Plan Compliance Completion Date	Initial Status/Comment	Initial Compliance Status	Current Status/Comment	Current Compliance Review Status
<u>APL 18-018</u>	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
<u>APL 18-019</u>	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

MEDICAL REVIEW BRANCH – RANCHO CUCAMONGA
AUDITS AND INVESTIGATIONS
DEPARTMENT OF HEALTH CARE SERVICES

REPORT ON THE MEDICAL AUDIT OF
KERN HEALTH SYSTEMS
dba
KERN FAMILY HEALTH CARE

Contract Number: **03-76165**

Audit Period: August 1, 2018
Through
July 31, 2019

Report Issued: November 14, 2019

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I. INTRODUCTION

Kern Health Systems dba Kern Family Health Care (Plan) was established in 1993 as a local initiative Medi-Cal Managed Care Health Plan in Kern County and began operating as a County Health Authority structure in January 1995. After receiving the Knox-Keene license on May 2, 1996, the Plan continued operations on July 1, 1996. The Plan serves all of Kern County with the exception of Ridgecrest.

The Plan is a public agency, established by the Kern County Board of Supervisors. The Board of Supervisors appoints a Board of Directors who serve as the governing body. Authority to establish the Plan as a public entity is found in Welfare & Institutions Code, section 14087.54.

The Plan provides health care services through contracts and subcontracts with community clinics, medical groups, and individual physicians. Pharmacy services are provided through a contract with a Pharmacy Benefits Manager, DST Health (formerly Argus Health, Inc). Vision services are provided through a contract with Vision Service Plan.

As of June 2019, the Plan had a total enrollment of 247,228 Medi-Cal members.

II. EXECUTIVE SUMMARY

This report presents the audit findings of the Department of Health Care Services (DHCS) medical audit of the Plan for the period of August 1, 2018 through July 31, 2019. The onsite review was conducted from August 6, 2019 through August 9, 2019. The audit consisted of document review, verification studies, and interviews with Plan personnel.

An Exit Conference was held on October 09, 2019. The Plan was allowed 15 calendar days from the date of the Exit Conference to provide supplemental information to address preliminary audit findings. The Plan submitted supplemental information after the Exit Conference. The results of our evaluation of the Plan's response are reflected in this report.

The audit evaluated six categories of performance: Utilization Management, Case Management and Coordination of Care, Access and Availability of Care, Member's Rights, Quality Management, and Administrative and Organizational Capacity.

The prior DHCS medical audit report (for audit period August 1, 2017 through July 31, 2018) was issued January 10, 2019. The Corrective Action Plan (CAP) closeout letter sent to the Plan on April 11, 2019 disclosed that previous audit findings were closed.

The summary of findings by category are as follows:

Category 1 – Utilization Management

The Plan did not have a system to monitor and ensure Notice of Adverse Benefit Determination (NOA) letters sent to members included clear and accurate clinical reasons for denial of care decisions.

Category 2 – Case Management and Coordination of Care

The Plan did not have written procedures to monitor completion of required member Initial Health Assessments (IHAs) conducted by primary care providers.

The Plan did not have a system to monitor and ensure member notification letters include all the required Continuity of Care (COC) transition information.

During the prior year audit, the Plan did not review Behavioral Health Treatment (BHT) plans within the required timeframe. In response to the CAP, the Plan revised and implemented procedures to address the finding. Our current audit confirmed the Plan has a system to ensure BHT plans are reviewed within the required timeframe.

Category 3 – Access and Availability of Care

Review of the Plan’s access and availability of care program yielded no findings during this audit period.

Review of the Plan’s appropriate and timely adjudication of claims yielded no findings during this audit period.

Category 4 – Member’s Rights

The Plan did not ensure grievances involving quality of care and clinical issues were referred to the Medical Director for final resolution.

Category 5 – Quality Management

The Plan did not have procedures to ensure training presented to newly contracted providers included all required information.

Category 6 – Administrative and Organizational Capacity

During the prior year audit, the Plan did not have an established Anti-Fraud and Abuse program that contained a Compliance Committee accountable to senior management. In response to the CAP, the Plan developed a Compliance Committee to address the findings. Our current audit confirmed the Plan has an established Anti-Fraud and Abuse Compliance Committee that meets quarterly and reports to senior management.

III. SCOPE/AUDIT PROCEDURES

SCOPE

The DHCS, Medical Review Branch, conducted this audit of the Plan, to ascertain medical services provided to Plan members, including Seniors and Persons with Disabilities (SPD), comply with federal and state laws, Medi-Cal regulations and guidelines, and the State's Two-Plan Contract.

PROCEDURE

The onsite review was conducted from August 6, 2019 through August 9, 2019. The audit included a review of the Plan's policies for providing services, the procedures used to implement the policies, and verification studies to determine that policies were implemented and effective. Documents were reviewed and interviews were conducted with Plan administrators and staff.

The following verification studies were conducted:

Category 1 – Utilization Management

Prior Authorization Requests: DHCS reviewed 20 medical (including seven SPD) and 15 pharmacy (including three SPD) prior authorization requests for timeliness, consistent application of criteria, appropriateness of review, and communication of results to members and providers.

Appeals Process: DHCS reviewed 20 medical (including seven SPD) and 14 pharmacy (including four SPD) prior authorization appeal requests for appropriate and timely adjudication.

Category 2 – Case Management and Coordination of Care

Complex Case Management: DHCS reviewed ten medical records (including six SPD) for evidence of continuous tracking, monitoring, and coordination of services provided to members.

Behavioral Health Treatment: DHCS reviewed ten BHT charts for compliance with BHT provision requirements.

Initial Health Assessment: DHCS reviewed 13 adult medical records (including three SPD) and 13 pediatric medical records to confirm timely completion.

Category 3 – Access and Availability of Care

Appointment Availability: DHCS reviewed 15 contracted providers from the Provider's Directory. The third next available appointment method was used to measure access to care. The Provider's Directory was reviewed for accuracy and completeness.

Emergency Service and Family Planning Claims: DHCS reviewed 20 emergency service claims (including 15 SPD) and all four family planning claims (including two SPD) for appropriate and timely adjudication.

Category 4 – Member's Rights

Grievance Procedures: DHCS reviewed 15 quality of service grievances (including three SPD) and 72 quality of care grievances (including 19 SPD) for timely resolution, appropriate response to complaint, and submission to the appropriate level for review.

Category 5 – Quality Management

Provider Qualifications: DHCS reviewed ten contracted providers to determine if they received Medi-Cal Managed Care program training within the required time frame.

Category 6 – Administrative and Organizational Capacity

Fraud and Abuse Reporting: DHCS reviewed all seven cases in the audit period for proper reporting of suspected fraud, waste, or abuse to DHCS within the required time frame.

A description of the findings for each category is contained in the following report.

❖ COMPLIANCE AUDIT FINDINGS ❖
PLAN: Kern Health Systems dba Kern Family Health Care
AUDIT PERIOD: August 1, 2018 through July 31, 2019
DATE OF AUDIT: August 6, 2019 through August 9, 2019

CATEGORY 1 - UTILIZATION MANAGEMENT
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1.2	PRIOR AUTHORIZATION REVIEW REQUIREMENTS
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1.2.1 Clear Pre-Authorization decision explanation

The Plan is required to ensure pre-authorization review procedures include clearly documented reasons for the decision. Also, notification to members must meet contractual requirements as specified in Exhibit A, Attachment 13. *(Contract, Exhibit A, Attachment 5(2)(D-E))*

The Contract further stipulates written information regarding denied, deferred, or modified referrals shall ensure members' understanding of the health plan processes and ensure the members' ability to make informed health decisions. *(Contract, Exhibit A, Attachment 13(4)(C))*

In addition, California Health and Safety Code (HSC) requires that responses regarding decisions to deny, delay, or modify health care services be communicated to the enrollee in writing, and shall include clear and concise explanation of the reasons for the plan's decision, description of the criteria or guidelines used, and the clinical reasons for the decision. *(HSC CA HLTH & S section 1367.01(h)(4))*

Finding: The Plan's NOA letters sent to members did not include clear and accurate clinical reasons for pre-authorization decisions. The Plan did not have a system to monitor and ensure accurate NOA letters were generated.

Although the Plan's policy and procedures state NOA letters contain all required elements for both provider and member including a clear and concise explanation of the reason for the decision, pharmacy prior-authorization NOA letters sent to members contained incorrect clinical reasons for the Plan's decisions.

The Plan's pharmacy technicians enter data for prior authorization denials and approvals into a computer system. The technician enters the decision and selects the denial reason from a drop down prompt, and based on the selection, the NOA letter template is generated. The audit team conducted a verification study and identified four cases in which NOA letters contained incorrect denial reasoning for the Plan's decision.

❖ COMPLIANCE AUDIT FINDINGS ❖**PLAN: Kern Health Systems dba Kern Family Health Care****AUDIT PERIOD: August 1, 2018 through July 31, 2019****DATE OF AUDIT: August 6, 2019 through August 9, 2019**

During the onsite interview, Plan staff explained the pharmacist makes prior-authorization decisions and gives them to pharmacy technicians to enter into the computer system in order to generate NOA letters. The Plan attributed the problem to staff selecting the incorrect denial reason and their lack of a system to monitor and ensure accurate NOA letters are generated.

Incorrect clinical reasoning contained in pharmacy NOA letters could lead to member confusion, delay in prescribing formulary alternatives, delay in physician follow-up, and ultimately cause members to make poor health care decisions.

Recommendation: Implement procedures to monitor and ensure the NOA letter generated is clear, concise, and contains the correct clinical reasons for the Plan's decision.

❖ COMPLIANCE AUDIT FINDINGS ❖
PLAN: Kern Health Systems dba Kern Family Health Care
AUDIT PERIOD: August 1, 2018 through July 31, 2019 DATE OF AUDIT: August 6, 2019 through August 9, 2019

CATEGORY 2 – CASE MANAGEMENT AND COORDINATION OF CARE
--

2.1	BASIC CASE MANAGEMENT/ CALIFORNIA CHILDREN’S SERVICES (CCS)/ EARLY INTERVENTION/DEVELOPMENTAL DISABILITIES/ INITIAL HEALTH ASSESSMENT
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2.1.1 Written procedures to monitor IHA completion

The Plan is required to cover and ensure the provision of an IHA, which includes a complete history and physical examination in conformance with *California Code of Regulations, Title 22, section 53851(b) (1)* to each new member within the stipulated timelines. The Contract also requires the Plan to ensure that the IHA includes an Individual Health Education Behavioral Assessment (IHEBA)/ Staying Healthy Assessment (SHA) using an age appropriate DHCS approved assessment tool. The Plan is required to ensure that member’s completed IHA and IHEBA tools are contained in the member’s medical records. (*Contract, Exhibit A, Attachment 10(3)(A-C)*)

According to *MMCD Policy Letter 08-003*, the Plan is required to have written procedures for monitoring IHA completion within the required timeframes.

Finding: The Plan did not have written procedures to monitor IHA completion. An IHA is not complete without the inclusion of a SHA, and the Plan did not ensure the SHA was included within the member’s medical record.

The Plan has policies and procedures to provide new members’ IHAs within the required timeframe; however; review of 13 medical records revealed seven IHAs that did not include the required SHA. The Contract requires that a completed IHA includes a SHA in the member’s medical record.

During the onsite interview, the Plan confirmed the lack of written procedures to monitor IHA (including the required SHA) completion. When the SHA is not included with the IHA, members may not receive important medical and behavioral health screenings, and potentially delay necessary services and referrals. Without written and implemented procedures, the Plan cannot effectively monitor new member IHA completion.

Recommendation: Develop and implement written procedures to monitor IHA completion and ensure inclusion of SHA in the members’ medical record.

❖ COMPLIANCE AUDIT FINDINGS ❖

PLAN: Kern Health Systems dba Kern Family Health Care
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AUDIT PERIOD: August 1, 2018 through July 31, 2019
DATE OF AUDIT: August 6, 2019 through August 9, 2019

2.5	CONTINUITY OF CARE
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2.5.1 Continuity of Care notification letter

California HSC requires the Plan to provide completion of covered services for serious and chronic conditions. The Plan is required to provide covered service for a period of time necessary to complete the course of treatment and to arrange for a safe transfer to another provider. Completion of services shall not exceed 12 months from the effective date for a newly covered enrollee.

(HSC CA HLTH & S section 1373.96(c)(2))

According to *APL 18-008*, the Plan is required to notify members within seven calendar days of the request approval for continuity of care; the duration of the COC arrangement; the transition process that will occur at the end of the COC period; and the member's right to choose a different provider from the Plan's network. The Plan is also required to notify members about the transition process 30 calendar days prior to the end of the COC period.

Finding: The Plan did not notify members of the complete COC transition process. The Plan did not have a system to monitor and ensure COC approval letters contained all the required information.

The Plan has COC policies and procedures in place allowing members with pre-existing provider relationships and transitioning from Medi-Cal Fee-For-Service into the Managed Care Plan, the option to continue treatment for up to 12 months. The Plan notifies members of COC decisions via approval letters. The Plan's notification letter informs members of the approved service, approved provider, and expiration of the COC period. However, the Plan's COC approval letters sent to members did not contain information regarding transition of care at the end of the COC period nor the members' right to choose a different provider from the Plan's network.

During the onsite interview, the Plan confirmed COC approval letters did not contain all the required transition information. The Plan further explained these letters are computer generated templates that have not been revised to include all required information. If these templates are not corrected, they will continue to produce incomplete COC approval letters.

❖ **COMPLIANCE AUDIT FINDINGS** ❖

PLAN: Kern Health Systems dba Kern Family Health Care

AUDIT PERIOD: August 1, 2018 through July 31, 2019

DATE OF AUDIT: August 6, 2019 through August 9, 2019

Lack of complete information regarding the COC transition process may cause delays in member care that could potentially lead to poor health outcomes.

Recommendation: Implement procedures to monitor and ensure member notification letters include all the required COC transition information.

❖ COMPLIANCE AUDIT FINDINGS ❖

PLAN: Kern Health Systems dba Kern Family Health Care
--

AUDIT PERIOD: August 1, 2018 through July 31, 2019

DATE OF AUDIT: August 6, 2019 through August 9, 2019

CATEGORY 4 – MEMBER’S RIGHTS

4.1	GRIEVANCE SYSTEM
------------	-------------------------

4.1.1 Clinical grievance resolutions

The Contract requires the Plan to ensure grievances related to medical quality of care issues are referred to the Plan’s Medical Director. The Plan is also required to ensure the final decision for the proposed resolution of a grievance involving clinical issues, is made by a health care professional with clinical expertise in treating a member’s condition or disease. (*Contract, Exhibit A, Attachment 14(2)(E;G)*)

Finding: The Plan did not effectively implement procedures to ensure grievances related to medical quality of care issues were referred to the Plan’s Medical Director. Exempt grievances involving medical quality of care issues were resolved without the review of a Medical Director.

A verification study found 42 grievances involving medical quality of care issues that were inaccurately identified and classified as exempt. These grievances were not referred to the Plan’s Medical Director for final resolution. Although the Plan’s policy, *5.01-I Member Grievance and Appeal System*, stipulates the Medical Director shall provide a complete and documented review of all grievances that may relate to quality of care, non-clinical member service representatives received and resolved exempt grievances containing medical quality of care issues without referral to the Plan’s Medical Director.

During the onsite interview the Plan explained member service representatives are trained to receive and categorize grievance calls as standard, expedited, or exempt. When a grievance has been identified as a potential quality of care issue, but the member does not want to file a formal complaint, the member service representative will categorize the call as an exempt grievance and resolve the issue within 24 hours in order to maintain the members’ anonymity from the provider.

Without the review of a Medical Director, the Plan cannot ensure medical quality of care grievances receive appropriate resolution. Poor member health outcomes may result if clinical quality problems are not recognized and corrective actions prescribed.

Recommendation: Implement procedures to ensure the identification and classification of quality of care grievances and referral to the Plan’s Medical Director for final resolution.

❖ COMPLIANCE AUDIT FINDINGS ❖
PLAN: Kern Health Systems dba Kern Family Health Care
AUDIT PERIOD: August 1, 2018 through July 31, 2019 DATE OF AUDIT: August 6, 2019 through August 9, 2019

CATEGORY 5 – QUALITY MANAGEMENT
--

5.2 PROVIDER QUALIFICATIONS

5.2.1 Provider Training to include member’s rights

The Plan is required to ensure provider training includes information on all member’s rights specified in *Exhibit A, Attachment 13, Member Services*, including the right to full disclosure of health care information and the right to actively participate in health care decisions. (*Contract, Exhibit A, Attachment 7(5)(A)*)

Finding: The Plan did not have procedures to ensure training presented to newly contracted providers included all required information. The Plan’s provider training packets did not include information on member’s rights.

Although the Plan’s Provider Manual outlines member’s rights, the Plan did not ensure this information was included in the training packets presented to newly contracted providers. The Plan did not have procedures to ensure provider training included information on member’s rights as specified by the Contract. During the onsite interview, the Plan verified their provider training packets do not include information on member’s rights as required. The Plan further explained this was an implementation oversight.

Without ensuring training includes member’s rights, newly contracted providers may not be properly informed, which can potentially lead to inappropriate care or delay in member care.

Recommendation: Implement procedures to ensure the inclusion of member’s rights in provider training.

Attachment D

MEDICAL REVIEW BRANCH – RANCHO CUCAMONGA
AUDITS AND INVESTIGATIONS
DEPARTMENT OF HEALTH CARE SERVICES

REPORT ON THE MEDICAL AUDIT OF
KERN HEALTH SYSTEMS
dba
KERN FAMILY HEALTH CARE

Contract Number: 03-75798
State Supported Services

Audit Period: August 1, 2018
Through
July 31, 2019

Report Issued: November 14, 2019

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I. INTRODUCTION..... 1

II. COMPLIANCE AUDIT FINDINGS..... 2

INTRODUCTION

This report presents audit findings of Kern Health Systems dba Kern Family Health Care (Plan) State Supported Services Contract No. 03-75798. The State Supported Services contract covers contracted abortion services with the Plan.

The audit period was August 1, 2018 through July 31, 2019. The onsite audit was conducted from August 6, 2019 through August 9, 2019.

An Exit Conference with the Plan was held on October 09, 2019.

STATE SUPPORTED SERVICES CONTRACT REQUIREMENTS

Abortion

Contractor agrees to provide, or arrange to provide, to eligible Members the following State Supported Services:

Current Procedural Coding System Codes*: 59840 through 59857

HCFA Common Procedure Coding System Codes*: X1516, X1518, X7724, X7726, Z0336

**These codes are subject to change upon the Department of Health Care Services (DHCS) implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) electronic transaction and code sets provisions. Such changes shall not require an amendment to this Contract.*

State Supported Services Contract Exhibit A.1

The Plan is required to provide, or arrange to provide, to eligible members the following State Supported Services: Current Procedural Coding System Codes 59840 through 59857 and Health Care Finance Administration Common Procedure Coding System Codes X1516, X1518, X7724, X7726, and Z0336. These codes are subject to change upon the Department of Health Care Services (DHCS) implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) electronic transaction and code sets provisions. Such changes shall not require an amendment to this Contract.

(Contract, Exhibit A, (1))

The Plan provides Medi-Cal members' timely access to abortion services from any qualified contracting or non-contracting provider without prior authorization unless inpatient hospitalization is requested to perform the abortion. Minors do not need consent or referral to access pregnancy termination services. According to the Plan's *Policy 3.20-P, Sensitive Services*, the Plan maintains procedures to ensure confidentiality and access to sensitive services for all members including minors in a timely manner and without prior authorization requirements.

The Plan's procedure code guidelines for State Supported Services and claims payment system include the required pregnancy termination procedure codes. There were no deficiencies noted during this audit period.



Attachment E

Gavin Newsom, Governor
State of California
Health and Human Services Agency
DEPARTMENT OF MANAGED HEALTH CARE
980 9th Street, Suite 500
Sacramento, CA 95814
Phone: 916-324-8176 | Fax: 916-255-5241
www.HealthHelp.ca.gov

October 29, 2019

Via USPS Delivery and eFile

Mr. Larry Rhoades
Chairman of the Board of Directors
Kern Health Systems
9700 Stockdale Highway
Bakersfield, CA 93311

FINAL REPORT OF A ROUTINE EXAMINATION OF KERN HEALTH SYSTEMS

Dear Mr. Rhoades:

Enclosed is the final report (Final Report) of a routine examination for the quarter ended March 31, 2019 of the fiscal and administrative affairs of Kern Health Systems (Plan). The examination was conducted by the Department of Managed Health Care (Department) pursuant to Section 1382 of the Knox-Keene Health Care Service Plan Act of 1975.¹ The Department issued a preliminary report to the Plan on August 29, 2019. The Department accepted the Plan's electronically filed responses (Responses) on September 25, 2019 and October 2 and 16, 2019.

The Final Report includes a description of the compliance efforts included in the Plan's Responses, in accordance with Section 1382(c).

Section 1382(d) states, "If requested in writing by the plan, the director shall append the plan's response to the final report issued pursuant to subdivision (c). The plan may modify its response or statement at any time and provide modified copies to the department for public distribution not later than 10 days from the date of notification from the department that the final report will be made available to the public. The addendum to the response or statement shall also be made available to the public."

Please indicate within 10 days from the date of the Plan's receipt of this letter whether the Plan requests the Department to append its Responses. If so, please indicate which portions of the Plan's Responses should be appended, and electronically file copies of those portions excluding information held confidential pursuant to Section 1382(c). If the Plan requests the Department to append a brief statement summarizing the Plan's Responses or wishes to modify any information provided to the Department in its Responses, please provide an addendum no later than 10 days from the date of the

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in Health and Safety Code Section 1340 et seq.

Protecting the Health Care Rights of More Than 26 Million Californians
Contact the DMHC Help Center at 1-888-466-2219 or www.HealthHelp.ca.gov

Mr. Larry Rhoades
Kern Health Systems
Final Report of Routine Examination

October 29, 2019
Page 2

Plan's receipt of this letter. Please file this addendum electronically via the corrective action plan system (CAP system) within the Department's eFiling web portal at <https://wps0.dmhc.ca.gov/secure/login/>, as follows:

- From the main menu, select "eFiling."
- From the eFiling menu, select "Online Forms."
- From the Online Forms menu, select "Details" for "CAP #L19-R-335."
- Go to the "Messages" tab, then:
 - Select "Addendum to Final Report" (note this option will only be available for 10 days after the issuance of the Final Report).
 - Select the deficiency(ies) that are applicable.
 - Create a message for the Department.
 - Attach and upload all documents with the name "Addendum to Final Report."
 - Select "Send Message."

The Department finds that the Plan's compliance efforts are responsive to the deficiencies cited and the corrective actions required. Therefore, no further response is required.

Questions or problems related to the electronic transmission of any addendum should be directed to Vijon Morales at 916-255-2447 or by e-mail at Vijon.Morales@dmhc.ca.gov. You may also e-mail inquiries to wps0@dmhc.ca.gov.

The Department will make the Final Report available to the public in 10 days from the Plan's receipt of this letter. The Final Report will be located at the Department's web site at <http://www.dmhc.ca.gov/LicensingReporting/ViewFinancialExaminationReports.aspx>.

Mr. Larry Rhoades
Kern Health Systems
Final Report of Routine Examination

October 29, 2019
Page 3

If there are any questions regarding the Final Report, please contact me at 213-576-7541 or by e-mail at Maria.Marquez@dmhc.ca.gov.

Sincerely,

ORIGINAL SIGNED BY

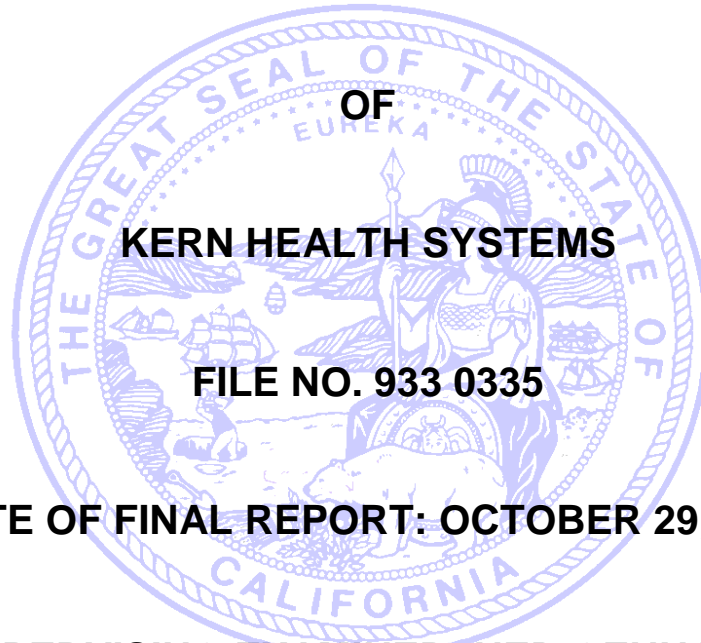
Maria Marquez
Corporation Examiner IV, Supervisor
Office of Financial Review
Division of Financial Oversight

cc: Jane MacAdam, Interim Director of Compliance and Regulatory Affairs, Kern Health Systems
Pritika Dutt, CPA, Deputy Director, Office of Financial Review
Ned Gennaoui, Supervising Examiner, Division of Financial Oversight
Juliana Asabor, Examiner, Division of Financial Oversight
Michael Cen, Examiner, Division of Financial Oversight
Kelsey Pruden, Attorney III, Office of Plan Licensing
Laura Dooley Beile, Supervising Health Care Service Plan Analyst, Office of Plan Monitoring
Ben Carranco, Assistant Deputy Director, Help Center
Chad Bartlett, Staff Services Manager II, Help Center

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE**

**OFFICE OF FINANCIAL REVIEW
DIVISION OF FINANCIAL OVERSIGHT**

FINAL REPORT OF A ROUTINE EXAMINATION



OF

KERN HEALTH SYSTEMS

FILE NO. 933 0335

DATE OF FINAL REPORT: OCTOBER 29, 2019

SUPERVISING EXAMINER: NED GENNAOUI

OVERSIGHT EXAMINER: MARIA MARQUEZ

EXAMINER-IN-CHARGE: JULIANA ASABOR

**FINANCIAL EXAMINERS:
JOHN ATAMIAN
CHANTE BIAGAS
SUHAG PATEL
ZAW OO**

BACKGROUND INFORMATION FOR KERN HEALTH SYSTEMS

Date Plan Licensed:	May 6, 1996
Organizational Structure:	Kern Health Systems (Plan), created by Kern County (County), is a County health authority established to meet the health care needs of low-income families and individuals in the County.
Type of Plan:	The Plan is a full Service health care plan. The Plan contracts with the California Department of Health Care Services to provide health care services to Medi-Cal beneficiaries.
Provider Network:	The Plan contracts with primary care physicians, specialists, pharmacies, vision providers, and hospitals. Professional providers are compensated on a fee-for-service basis while institutional providers are reimbursed on a per-diem basis.
Plan Enrollment:	As of March 31, 2019, the Plan reported 247,836 Medi-Cal enrollees.
Service Area:	The Plan's service area is Kern County with the exception of the City of Ridgecrest.
Date of Prior Final Routine Examination Report:	October 18, 2016

FINAL REPORT OF A ROUTINE EXAMINATION OF KERN HEALTH SYSTEMS

This is the final report (Final Report) for the quarter ended March 31, 2019 of a routine examination of the fiscal and administrative affairs of Kern Health Systems (Plan). The examination was conducted by the Department of Managed Health Care (Department) pursuant to Section 1382 of the Knox-Keene Health Care Service Plan Act of 1975.¹ The Department issued a preliminary report (Preliminary Report) to the Plan on August 29, 2019. The Department accepted the Plan's electronically filed responses (Responses) on September 25, 2019, October 2 and 16, 2019.

This Final Report includes a description of the compliance efforts included in the Plan's Responses to the Preliminary Report, in accordance with Section 1382(c). The Plan's Responses are noted in italics within this Final Report.

The Department examined the Plan's financial report filed with the Department for the quarter ended March 31, 2019, as well as other selected accounting records and controls related to the Plan's various fiscal and administrative transactions. The Department's findings are presented in this Final Report as follows:

- Part I. Financial Statements
- Part II. Calculation of Tangible Net Equity
- Part III. Compliance Issues

The Department finds that the Plan's compliance efforts are responsive to the deficiencies cited and the corrective actions required. Therefore, no further response is required.

¹ References to "Section" are to sections of the Knox-Keene Health Care Service Plan Act of 1975, as codified in Health and Safety Code Section 1340 et seq. References to "Rule" are to regulations promulgated pursuant to the Knox-Keene Health Care Service Plan Act of 1975 contained within title 28 of the California Code of Regulations.

PART I. FINANCIAL STATEMENTS

The Department's examination did not result in any adjustments or reclassifications to the Plan's financial statements for the quarter ended March 31, 2019, as filed with the Department. A copy of the Plan's financial statements can be viewed by selecting "Kern Health Systems" on the second drop-down menu of the Department's financial statement database available at <http://wpsso.dmhc.ca.gov/fe/search/#top>.

No response is required to this Part.

PART II. CALCULATION OF TANGIBLE NET EQUITY (TNE)

Net worth as reported by the Plan as of quarter ended March 31, 2019	\$204,092,000
Required TNE	<u>33,402,000</u>
TNE Excess per Examination	<u>\$170,690,000</u>

The Plan was in compliance with the TNE requirements of Rule 1300.76 as of March 31, 2019.

No response is required to this Part.

PART III. COMPLIANCE ISSUES**FIDELITY BOND**

Rule 1300.76.3 requires each plan to maintain, at all times, a fidelity bond covering each officer, director, trustee, partner, and employee of the plan, whether or not they are compensated. In addition, the fidelity bond must provide for 30 days' notice to the director (Director) of the Department prior to cancellation.

The Department's examination disclosed that the Plan's fidelity bond did not provide for 30 days' notice to the Director prior to cancellation. The policy indicated that the insurance carrier would endeavor to provide a written notice of cancellation within 30 days. The policy did not comply with Rule 1300.76.3, as the word "endeavor" is defined as an "earnest attempt." The "endeavor to provide" language was required to be revised to "must provide" or "shall provide" language to comply with Rule 1300.76.3.

The Preliminary Report required the Plan to file evidence of a fidelity bond that corrected the above noted deficiency. In addition, the Plan was required to provide the policy and procedure implemented to ensure compliance with the requirements of Rule 1300.76.3, the date of implementation, and the management position responsible for ensuring continued compliance.

Kern Health Systems
Final Report of Routine Examination

October 29, 2019
Page 5

The Plan responded by submitting an endorsement to the fidelity bond removing the word "endeavor." In addition, the Plan filed a policy and procedure, titled "Knox-Keene Filing Standards," which was implemented on September 30, 2019. The Plan's Director of Compliance and Regulatory Affairs is responsible for ensuring continued compliance.

The Department finds that the Plan's compliance effort is responsive to the deficiency cited and the corrective action required. Therefore, no further response is required.

ATTACHEMENT F**Legislative Summary of Approved Bills for 2019**

Title	Description	Status
AB 115	<p>This bill would establish a managed care organization provider tax, with substantially similar provisions, that would become effective and operative on the effective date of the federal approval necessary for receipt of federal financial participation, as specified. The bill would specify the applicable tax amounts for each taxing tier for the 2019–20, 2020–21, and 2021–22, fiscal years, and the first 6 months of the 2022–23 fiscal year.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB115</p>	<p>LHPC Support</p> <p>09/27/19 - Signed by the Governor</p>
AB 678 (Flora)	<p>This bill would prohibit the requirement of prior authorization for podiatric services provided by a doctor of podiatric medicine if a physician and surgeon rendering the same services would not be required to provide prior authorization. The bill would clarify that a doctor of podiatric medicine acting within their scope of practice and providing specified services is subject to the same Medi-Cal billing and services policies as required for a physician and surgeon, including a maximum numerical service limitation in any one calendar month.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB678</p>	<p>10/02/19 Approved by the Governor.</p>
AB 1004 (McCarty)	<p>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, and would require Medi-Cal managed care plans to ensure that providers who contract with these plans render those services in conformity with specified standards. 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 to adjust a Medi-Cal managed care plan's capitation rate. Until July 1, 2023, the bill would require an external quality review organization entity to review and report annually on Medi-Cal managed care plan metrics for developmental screenings, and would require the department to use the EQRO's technical report to monitor Medi-Cal managed care plans' compliance with providing enrollees access to developmental screenings.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1004</p>	<p>09/30/19 Approved by the Governor.</p>

<p>AB 1494 (Aguiar-Curry)</p>	<p>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 proclamation declaring a state of emergency. 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. The bill would require the department to issue, on or before July 1, 2020, guidance for those entities to facilitate reimbursement for the above-described services, including certain instructions on the submission of claims for telehealth or telephonic services.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1494</p>	<p>10/12/19 Approved by the Governor.</p>
<p>AB 1642 (Wood)</p>	<p>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 transportation to an enrollee to obtain services. Requires DHCS to review alternate access requests for reasonableness. Requires EOC be updated with alternate access info. This bill would modify criteria for a finding of noncompliance or for other good cause under those provisions.</p> <p>The bill would expand the types of authorized sanctions and bases for sanctions, would raise the maximum limits of certain sanctions based on the number of violations, and would modify the terms of notice.</p> <p>http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1642</p>	<p>CAHP Oppose Unless Amended</p> <p>10/02/19 Approved by the Governor.</p>
<p>SB 159 (Wiener)</p>	<p>Would expand the Medi-Cal schedule of benefits to include preexposure prophylaxis and postexposure prophylaxis as pharmacist services. This bill would additionally prohibit plans and insurers from subjecting those drug treatments, including preexposure prophylaxis or postexposure prophylaxis, to prior authorization or step therapy. Would also not allow a health plan or PBM to prohibit an in-network pharmacy provider from dispensing these drugs.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB159</p>	<p>10/07/19 Approved by the Governor.</p>

<p>SB 260 (Hurtado)</p>	<p>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.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=2019202005B260</p>	<p>CAHP Concern</p> <p>10/12/19 Approved by the Governor.</p>
<p>SB 583 (Jackson)</p>	<p>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 clinical 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 participating provider in this state.</p> <p>http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=2019202005B583</p>	<p>CAHP Oppose</p> <p>10/02/19 Approved by the Governor.</p>



FAMILY HEALTH

Attachment G

FALL 2019

Have a healthy pregnancy

Are you thinking of starting or growing your family? Take good care of your health as soon as you think about getting pregnant. Mom's health is vital to a growing baby.

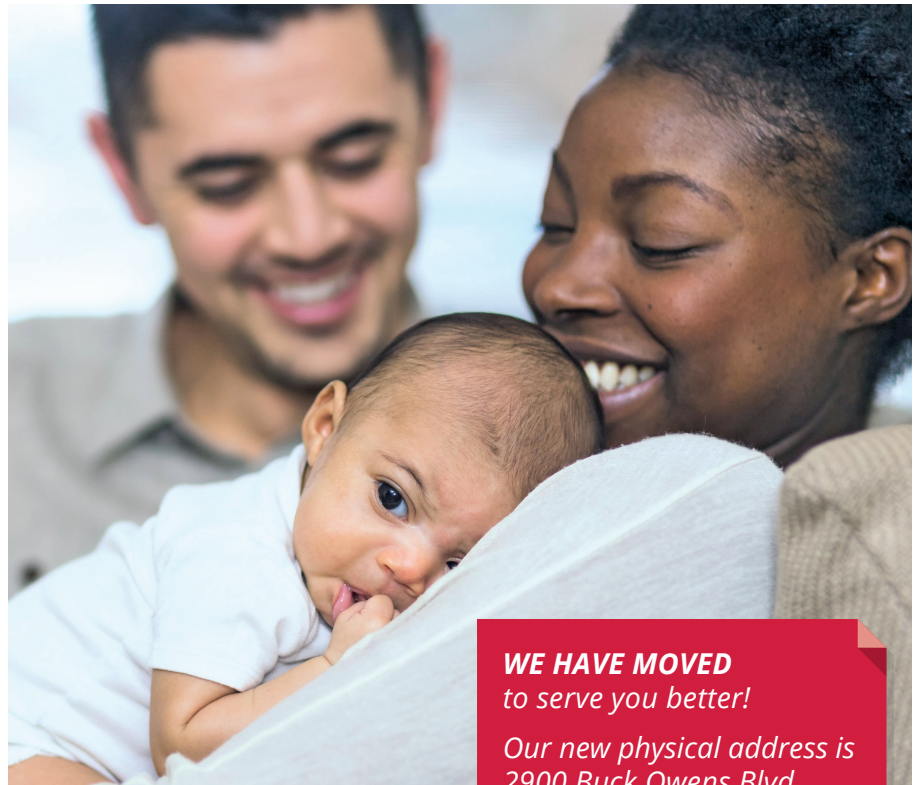
As soon as you know or think you're pregnant, schedule a visit with your primary care provider (PCP). Your PCP will confirm the pregnancy. The PCP may also find your due date!

Once you have a confirmed pregnancy, choose an obstetrician (OB). OBs are doctors trained to care for women during pregnancy.

During your pregnancy visits, expect full examinations to make sure you and the baby are healthy. You will also need lab tests, and your OB will answer questions about your health.

Keep all your prenatal visits to ensure a safe and healthy pregnancy. And start a list of things to ask your doctor during your prenatal visits.

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

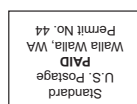


WE HAVE MOVED
to serve you better!

*Our new physical address is
2900 Buck Owens Blvd.
Bakersfield, CA 93308*

- Make an appointment for your first prenatal visit within the first 3 months of pregnancy.
- Schedule transportation for your appointment, if needed.
- Download the Prenatal Care Incentive Form from the KFHC website or call KFHC's Member

- Services to receive the form in the mail.
- At your appointment, have your provider fill out the form.
- Fax or mail the form to KFHC to receive a \$30 gift card by mail.



Links for Life—know your body

Part of Links for Life's mission is to challenge each woman in Kern County to be aware of her breast health. Many know the common breast cancer symptoms: lump or pain in breast, change in breast size or shape, or nipple discharge/inversion. But there are several lesser-known symptoms: changes in skin texture, lumps, thickening, pain or swelling in your armpit and around your collar bone, or a rash/crusting of the nipple area. It is not uncommon for someone without a family history of breast cancer to develop the illness. Know your body. Conduct a monthly self-breast exam. For more information, visit linksforlife.org.



Keeping an eye on prostate cancer

Prostate cancer is a common cancer among men in the United States. It is most common in older men. When the disease is **caught early**, the patient can choose:

- **Option 1:** Treat the disease right away. Or,
- **Option 2:** Monitor it and treat it if the cancer starts to grow (active surveillance).

Talk to your doctor about these options. Both have pros and cons. In some cases, treatment is the only option. If prostate cancer is caught late, ask your doctor about treatment options.

Sources: American Society for Clinical Oncology; American Urological Association; National Cancer Institute

Preventing cancer in women

Cervical cancer

Safe sex can reduce your chances of getting some types of cancer. In addition, cervical cancer screenings and the HPV (human papillomavirus) vaccine are the two best ways to prevent cervical cancer.

Stopping cervical cancer with screening. Doctors use the Pap test and the HPV test to screen for changes in cells of the cervix before it becomes cancer. Both tests are simple and fast.

Talk to your doctor about how often you should get screened.

Taking a shot at cervical cancer. Some HPV can cause

cervical cancers. HPV is spread through sexual contact. The HPV vaccine can prevent some cancers.

The vaccine should be given at age 11 or 12 for both boys and girls. But men and women 26 and younger can still get the vaccine.

The vaccine can also protect against other cancers, like anal, throat and penile cancer.

Endometrial cancer

Endometrial cancer is cancer of the lining of the uterus.

Ways to reduce risk:

- Get to and stay at a healthy weight.

- Be physically active.
- Discuss hormone therapy with your doctor.
- Treat endometrial problems (think unusual bleeding).
- Talk to your doctor about Lynch syndrome.

Diagnosing endometrial cancer. There are currently no screening tests when women have no symptoms.

- Talk to your doctor about any unusual bleeding. Based on a few factors, your doctor may suggest further testing to detect this cancer.

Sources: American Cancer Society; American College of Obstetricians and Gynecologists; Centers for Disease Control and Prevention; National Cancer Institute; U.S. Preventive Services Task Force

Know the signs of ADHD

Kids have a lot of energy and act up at times.

It's not easy to tell when a kid is being a kid or when it might be attention-deficit/hyperactivity disorder (ADHD).

Behavior signs can be clues to parents and teachers that a child might have ADHD. They happen frequently and for at least six months in at least two different settings:

Inattention

Children with ADHD may:

- Seem like they don't listen.



- Get distracted easily.
- Have trouble focusing on things.
- Find it hard to stick to a task.
- Have trouble organizing schoolwork or other things.
- Lose and forget things.

Hyperactive/impulsive behaviors

- Often fidget or squirm.
- Butt in when others are talking.
- Talk all the time or blurt out answers.
- Run or climb on furniture.
- Find it hard to play quietly.
- Have trouble waiting their turn.
- Seem like they're just always moving.

How to help

A doctor can diagnose ADHD. If there's a problem, tell your child's doctor.

Sources: American Academy of Pediatrics; Centers for Disease Control and Prevention

California Children's Services (CCS)

CCS is a state program for children with certain diseases or health problems. Through this program, children up to 21 years old can get the special health care and services they need.

CCS connects you with doctors and trained health care professionals who know how to care for your child with special health care needs.

If your child is approved for CCS, he or she will still be a Kern Family Health Care member while in this program.

Some of the health problems

covered by CCS are:

- Cancer.
- Congenital heart disease.
- Sickle cell anemia.
- HIV infection.
- Cleft lip or palate.
- Other severe health problems.

CCS-approved doctors treat these kinds of problems. Your child's primary care provider (PCP) takes care of your child's other health needs.

To learn more about CCS, talk to your child's PCP or call us at **800-391-2000**.

Sources: CCS; Health Plan of San Joaquin

Special services from Kern Regional Center

Kern Regional Center is a social service agency. It provides support and services to people with special needs. Some of the services offered are:

- Counseling.
- Help with family support.
- Autism screening.

The Kern Early Start program is also offered through this agency. It serves children from birth until age 3. This program provides services for children who have special needs.

These include:

- Problems due to premature birth.
- Major learning or muscle tone problems.
- Down syndrome.
- Cerebral palsy.

Kern Early Start also helps children who:

- Have been seriously ill.
- Have a developmental delay in areas such as walking or talking.
- Have parents needing help due to their own special needs.

Kern Early Start will work with you and your child. The goal is to increase the child's skills and development. There is no cost to take part.

TO LEARN MORE about these special services, please call **800-479-9899**.

Are you planning for a family?

Family planning allows members to achieve healthy birth spacing and family size.

Family Planning

If you or your partner are thinking of getting pregnant, talk to your doctor. They can share info about family planning, such as:

- Getting ready for pregnancy.
 - Pregnancy testing and counseling.
 - Exams and screenings.
 - How to prevent sexually transmitted infections (STIs).
- Learning about these topics can help you make better choices.



...I think I am pregnant!

If you are sexually active, there's always a chance of getting pregnant! Get tested! Home pregnancy tests are a good way to find out.

If you are pregnant:

- Write down the date of your last period.
- Schedule a visit with your PCP or OB-GYN.

- Schedule transportation, if needed.
- Get some rest, eat a healthy diet and be active. Avoid drinking alcohol, smoking, or being around smokers.

If you are not pregnant, think about your choices and talk to your doctor. He/she can help you figure out which family planning option is best for you.

Source: Healthy People 2020

GET A \$30 GIFT CARD. HOW?

1. Complete a prenatal visit in the first trimester (the first 3 months of pregnancy).
2. Fill out the "first trimester form" with your doctor.
3. Fax the form to KFHC.
4. Receive gift card in the mail.
5. Call 800-391-2000 to get your form today!

Mental health and pregnancy

Becoming pregnant changes a lot of things. Some changes happen within your body. Some changes happen within your mind.

The most common mental health conditions during and after pregnancy are depression and anxiety. It's OK to feel sad every now and then when you

are pregnant. You may feel stressed or overwhelmed. But if your symptoms last more than two weeks, talk to your doctor. These feelings can also happen after your baby is born.

Your doctor and nurse can help you manage these conditions. Some talk therapy can help

relieve some symptoms. In some cases you may have to stop, start or change medications.

If you're planning to get pregnant, talk to your doctor or nurse about these mental health conditions before getting pregnant.

Source: Office on Women's Health



Health educator corner

Is it okay to take medicine prescribed for someone else?

No. That is not a good idea. Taking medicine prescribed for someone else is a form of **prescription drug abuse**. Abusing some prescription drugs can lead to addiction. These include opioids, sedatives, tranquilizers and stimulants. Every medicine has some risk of side effects. Doctors take this into account when prescribing medicines. People who abuse these drugs may not know the risks. The medicines may not be safe for them. They are especially risky at higher doses or when taken with other medicines.

Flor Del Hoyo, MPH,
member health educator

Source: medlineplus.gov

Should I always use antibiotics when I get sick?

No. Antibiotics are drugs used to treat bacterial infections. They do not work on viral infections like the flu. Overuse of antibiotics can lead to antibiotic resistance. This is a condition in which germs, such as bacteria and fungi, start to resist or counter the actions of the antibiotics. This means antibiotics will no longer work.

Many infections around this time are viral. Antibiotics will not work on viruses. The cough and flu season in the Kern County area typically starts in late October and lasts through February or March. Always check with your doctor to see if you need antibiotics.

Bernardo Ochoa, MPH,
member health educator

Are natural medicines safe?

Many natural medicines or supplements are known to be safe. But that is not always true. Here are some risks:

- Some may affect how well your prescribed medicines work in your body.
- Herbal supplements may be harmful when taken alone. They may also be risky with other substances or in large doses.
- Vitamins can also have harmful effects in your body. Too much of any vitamin is not safe, even for a healthy person.

Tell your doctor if you're taking any natural medicines or supplements. They may have health claims. But they do not prove that these products are safe or effective.

Supplements do not have to be approved by the federal government before being sold. Also, a prescription is not needed to buy them. That's why consumers should be careful about using them.

Carlos Bello, MPH, CHES,
senior member health educator

Source: cancer.gov

Kern Family Health Care complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex.

ATTENTION: If you speak a language other than English, language assistance services, free of charge, are available to you. Call **800-391-2000** (TTY: **711**).

ATENCIÓN: Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al **800-391-2000** (TTY: **711**).

注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 **800-391-2000** (TTY: **711**)。



Opioids: A serious risk

Opioid painkillers are strong medicines that help ease certain kinds of pain. But using them carries big risks, such as:

Tolerance. This means you need to take more of the drug to get the same pain relief.

Addiction. It happens to up to 1 in 4 people who take opioids for chronic pain.

Overdose. Many people die after overdosing on prescription opioids.

Ask your doctor

He/she may suggest opioids for chronic pain. Ask if there are other options, such as:

- Other types of pain drugs.
- Physical therapy.

- Exercise.
- Behavioral therapy.
- Injections.

If you are prescribed an opioid:

- Go to all your doctor visits. Your doctor can check for side effects.
- Take it as directed. Never take a larger dose.
- Avoid alcohol. Ask your doctor before taking any other medicines.
- Store your medication in a safe place.
- Watch for signs of addiction. One warning sign is having withdrawal symptoms when you stop taking the drug.

Sources: Centers for Disease Control and Prevention; JAMA

How to talk about pain

It's not easy to describe pain. But your doctor needs to know about it to treat it. When talking about your pain, be sure to discuss:

Where it hurts. Be as specific as possible. Point out the specific part of your body that hurts.

How it feels. Is the area tender? Is it a dull ache? A burning pain? Here are other words to describe your pain:

- Cramping.
- Sharp.
- Shooting.
- Stabbing.
- Pinching.
- Throbbing.
- Splitting.
- Tingling.

How often it hurts.

Does it hurt all the time or come and go? How long does it last?

What makes it better or worse. Does anything you do make it hurt more or less?

How it affects your daily life. Is it hard to work, sleep or enjoy activities because of your pain?

Write about it

Ask your doctor if you should keep a pain diary. Taking notes about your pain can help your doctor treat it.

Sources: Arthritis Foundation; National Institutes of Health



Blood pressure: How to bring it down

High blood pressure is a serious health threat. If yours is too high, your doctor may suggest medication. But there are changes you can make right now to help bring it down:

- **Cut down on salt.** Aim for less than 1,500 mg a day—about a teaspoon.
 - **Be active.** Exercise for 90 to 150 minutes a week. Walking can help lower blood pressure.
 - **Limit alcohol.** Health experts suggest no more than one drink a day for women and two for men.
 - **Don't smoke.** Smoking raises blood pressure.
- Here's what else you can do to take control of your blood pressure:

- **Know your numbers.** For most people, normal blood pressure is 120/80. Older

adults may have a higher risk for high blood pressure. Ask your doctor about what your numbers should be.

- **Check it often.** Get a blood pressure monitor so you can check it at home. If it's higher than normal, talk to your doctor.
 - **Keep a record.** Write your blood pressure readings in a journal or keep track with your phone. Review patterns at your next doctor visit.
- When you manage your blood pressure, you also lower your risk of heart attack, stroke and other serious health problems.

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

CHECK OUT walking safety tips below.

Be active, be safe

As the days grow shorter, use these safety tips to stay safe when you go for a walk.

Prepare for your walk

1. Be seen.
 - Wear bright and colorful clothes during the day.
 - Wear reflective clothing at night.

2. If it's dark, use a flashlight to see and be seen.
3. Wear sturdy shoes that support you.
4. Plan your route.
5. Use traffic signs and signals.
6. Always check for distracted drivers.
7. Walk with friends and watch out for each other.

Use sidewalks

1. Walk on the sidewalk when possible.
2. If there is no sidewalk, walk facing traffic.

Cross the street safely

1. Stop at the curb or at the edge of the road.
2. Look left, right, left for moving cars before stepping into the street.
3. If you see a car, wait until it goes by. Repeat step 2.

4. When you are sure no cars are coming, begin crossing. Do not run! Keep looking left, right, left while you cross.

No matter the time of day, always be aware of your surroundings. Distractions, like smartphones and loud headphones, can put you in danger.

Source: National Highway Traffic Safety Administration



Help stop fraud!

Help us stop health care fraud. Here are some kinds of fraud:

- Someone who uses a KFHC Member ID Card that does not belong to him or her.
- Someone who gives the wrong information on forms on purpose.
- Someone who visits many doctors and/or pharmacies for the same drug.
- Someone who tries to get medicines that a doctor didn't order.

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



Positive parenting: Teen tips

- Be honest and direct with your teen when talking about sensitive subjects such as: drugs, drinking, smoking, vaping and sex.
- Meet and get to know your teen's friends and activities.
- Show an interest in your teen's school life. Attend events.
- Help your teen make healthy choices while encouraging them to make their own decisions.
- Respect your teen's opinions and take into account their thoughts and feelings. It is important that they know you are listening to them.
- When there is a conflict, be clear about goals and expectations, like getting good grades, keeping things clean and showing respect. Allow your teen to give input on how to reach those goals—like when and how to study or clean the house.

FAMILY HEALTH

FAMILY HEALTH is published as a community service for the friends and patrons of Kern Family Health Care, 2900 Buck Owens Blvd., Bakersfield, CA 93308, telephone 800-391-2000.

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

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

 Like us on Facebook at facebook.com/KernFamilyHealthCare

 Follow us on Twitter at twitter.com/_KFHC

 Watch the Kern Family Health Care channel on YouTube



Governed Reporting System

Kern Health Systems Attachment H

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

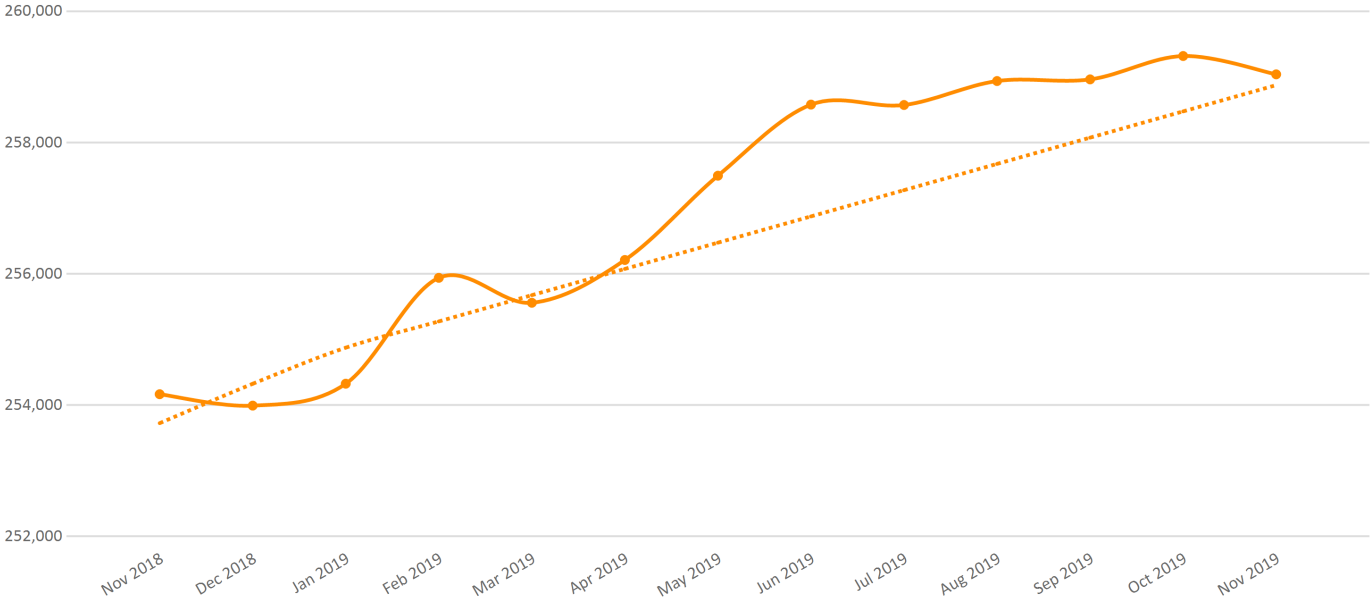


Governed Reporting System

Membership

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

Total MCAL Membership



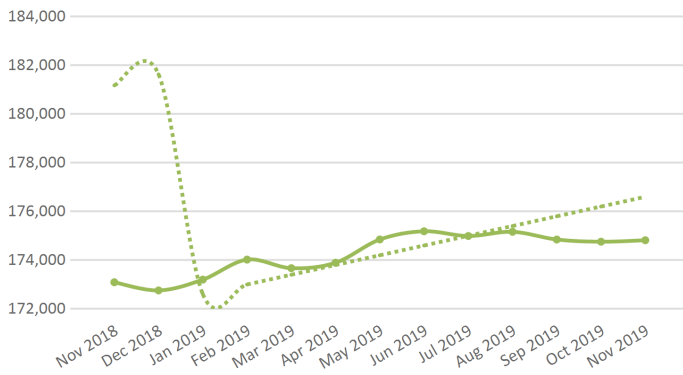


Governed Reporting System

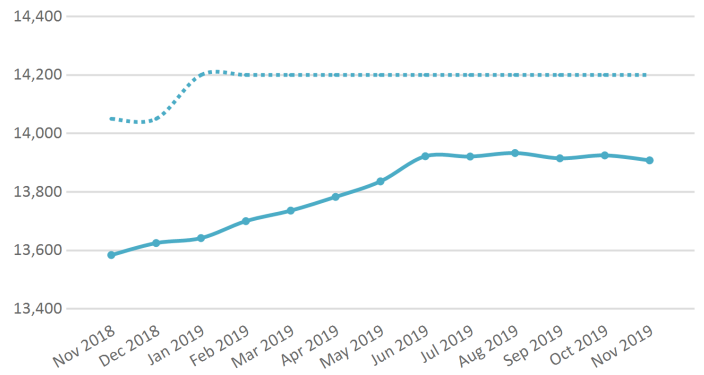
Membership

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

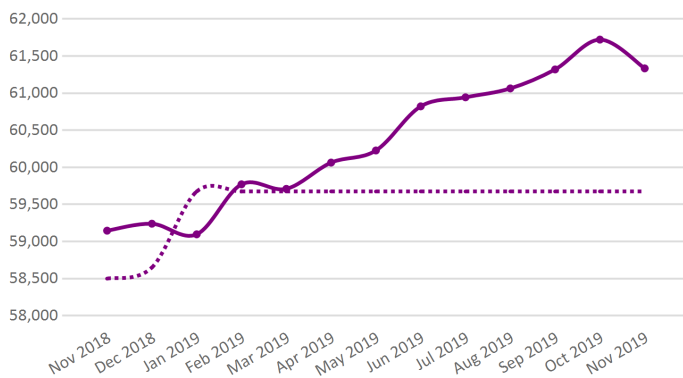
MCAL Family/Other Membership



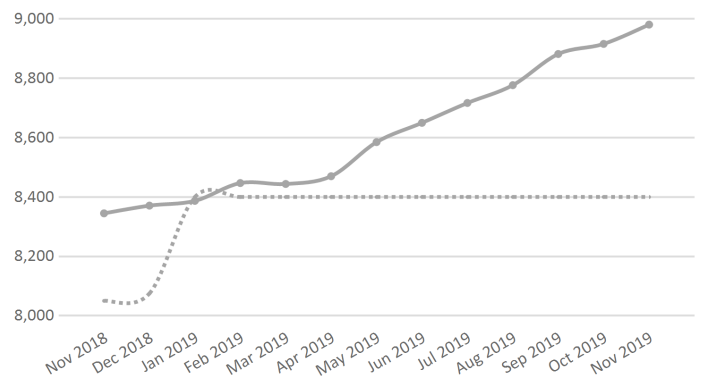
MCAL SPD Membership



MCAL Expansion Membership



KP Membership

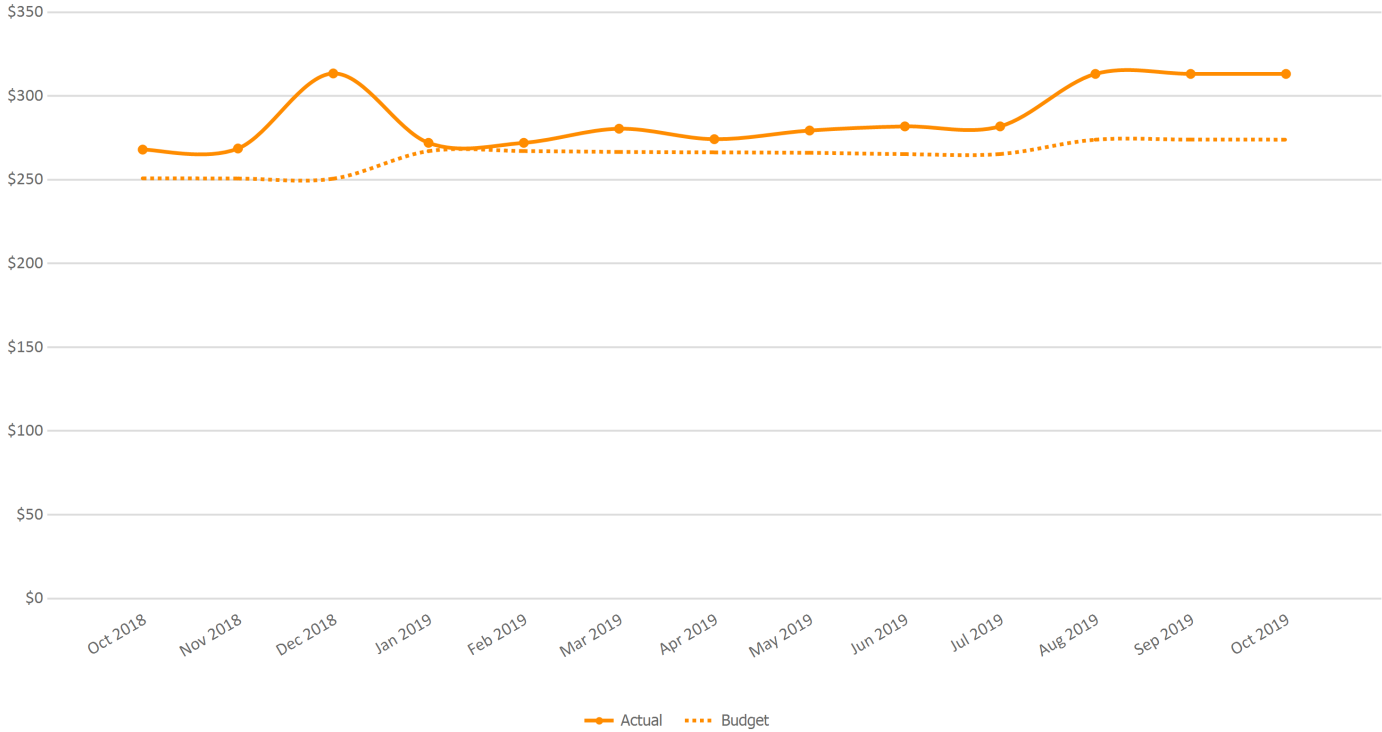




Governed Reporting System

Revenue

Medi-Cal Revenue PMPM





Governed Reporting System

Kern Health Systems

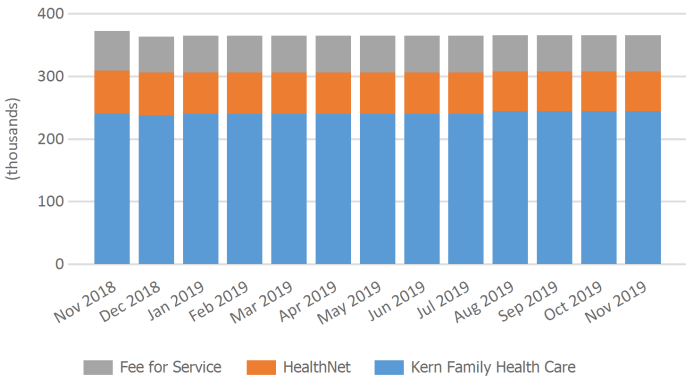
Performance Reports
Operations Metrics



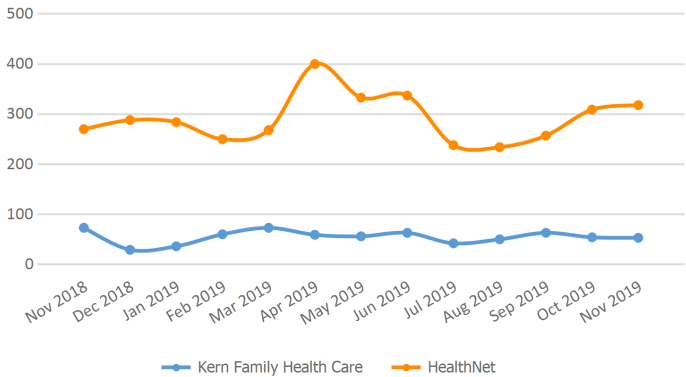
Governed Reporting System

Enrollment - Market Share

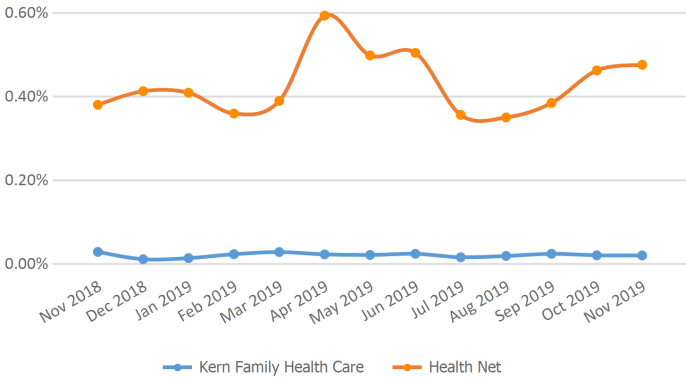
Kern County Medi-Cal Market Share



Total Voluntary Disenrollments



Percentage of Voluntary Disenrollments

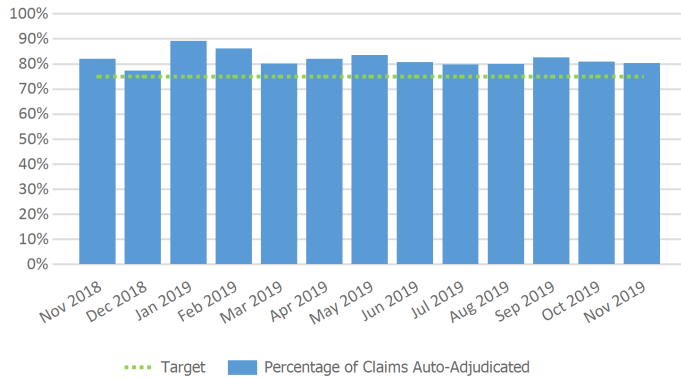




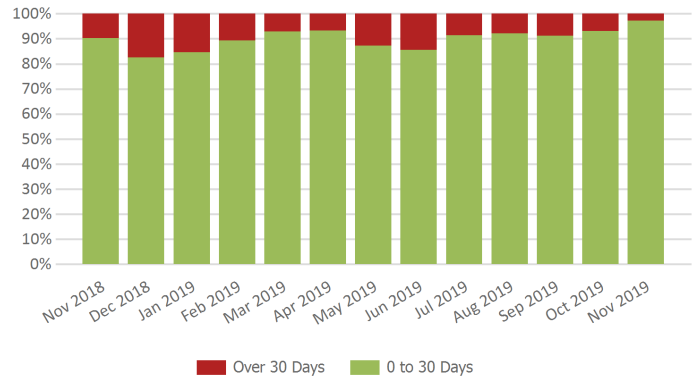
Governed Reporting System

Claims Efficiency and Quality

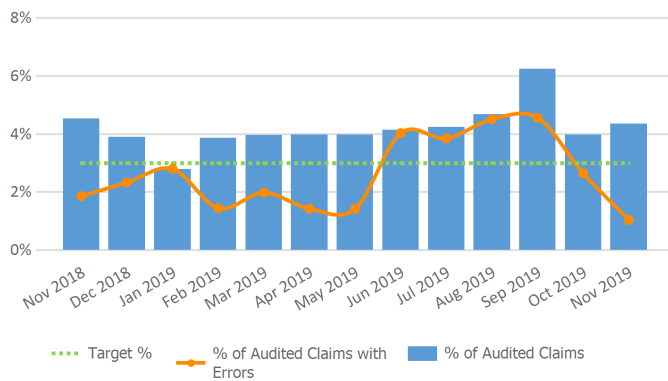
Claims Auto-Adjudication Rates



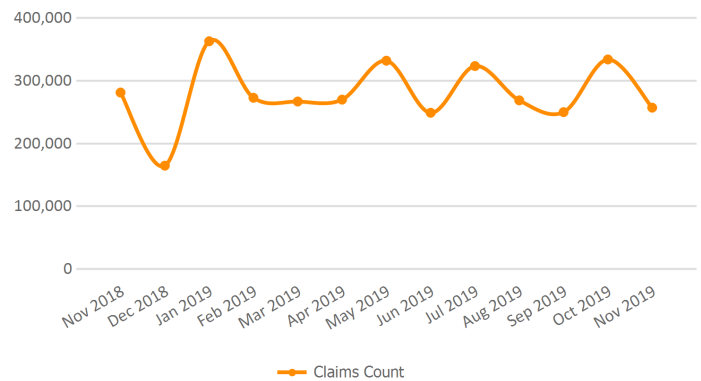
Claims Turnaround Days



Claims Audit Percentage and Accuracy



Claims Processed



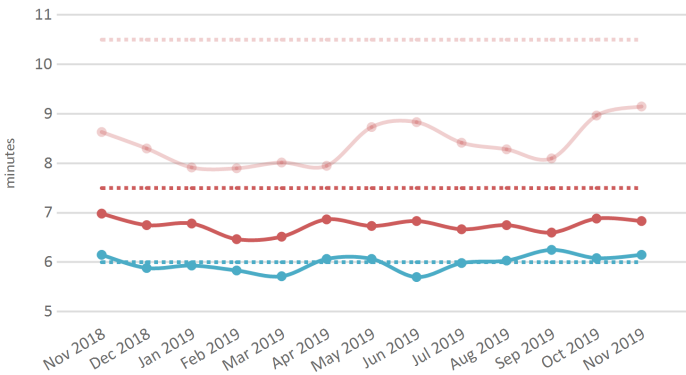


Governed Reporting System

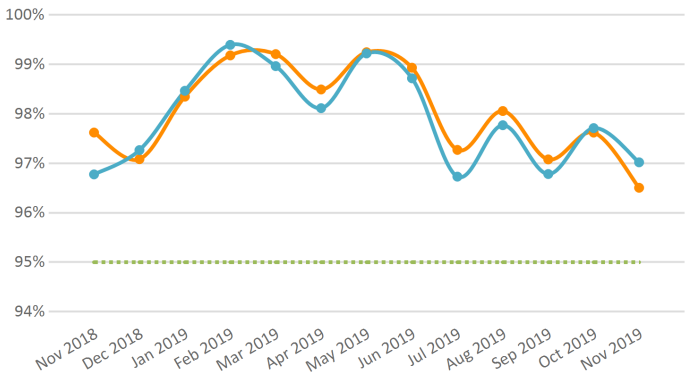
Member Services

Members Providers Target
 Members - English Members - Spanish

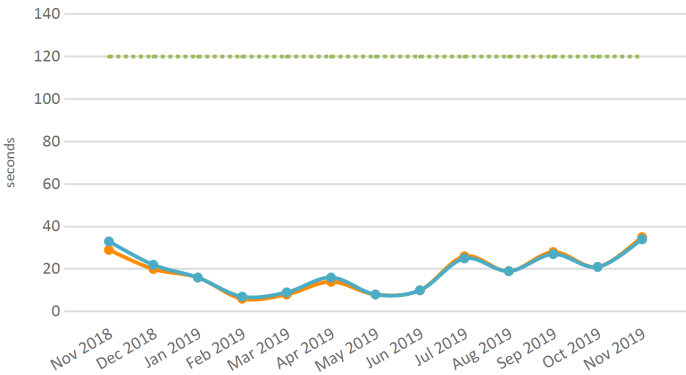
Average Length of Call



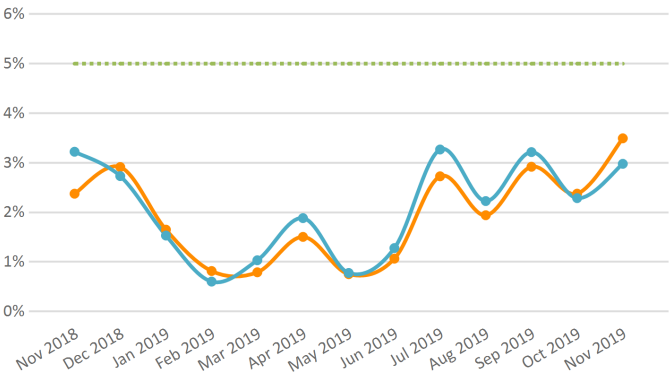
Percentage of Calls Handled



Average Speed of Answer



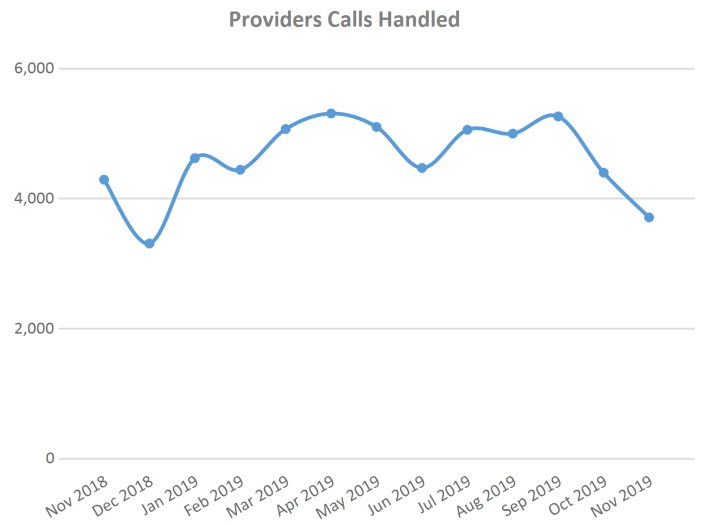
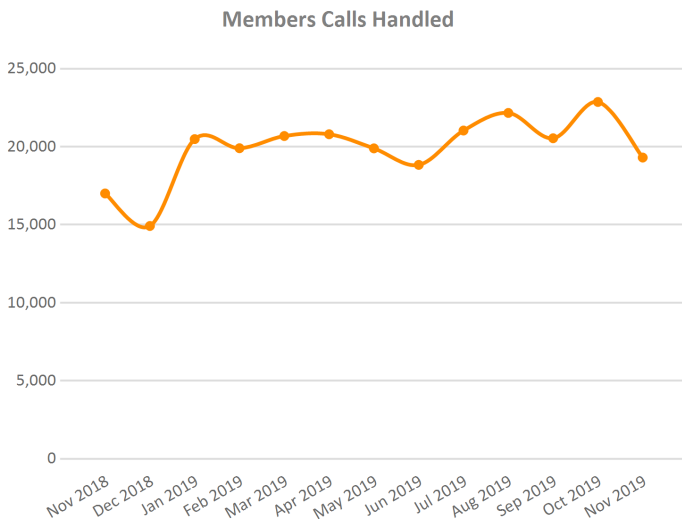
Percentage of Calls Abandoned





Governed Reporting System

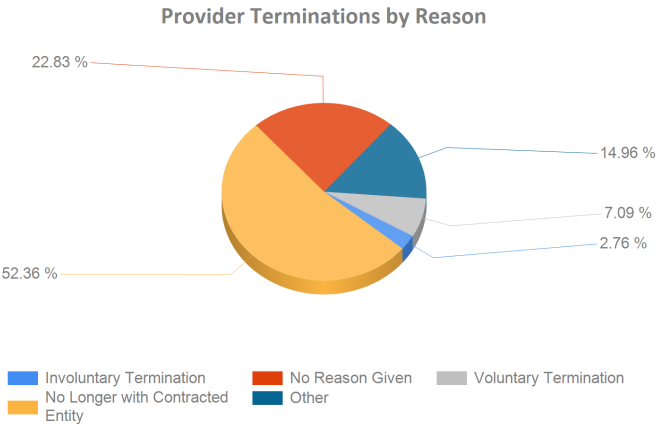
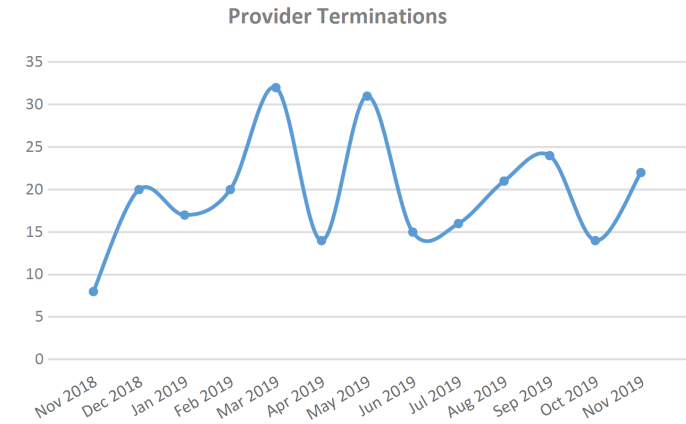
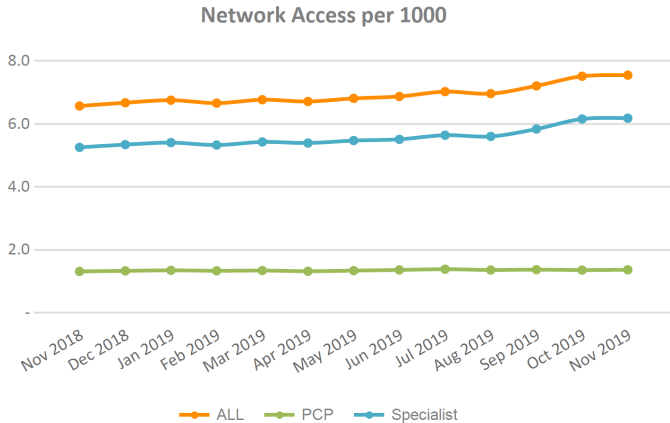
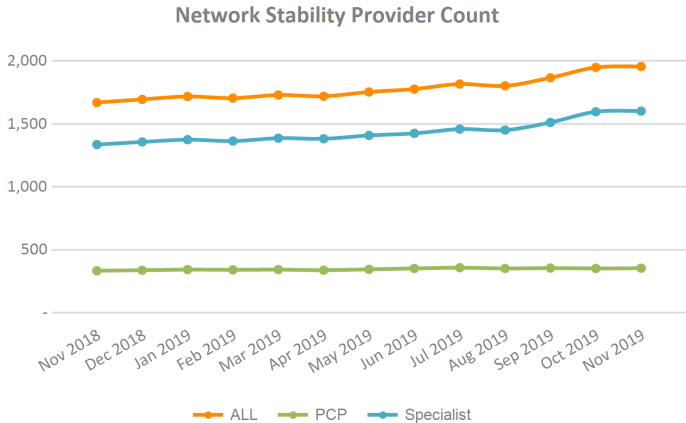
Member Services Calls Handled





Governed Reporting System

Provider Network and Terminations



SUMMARY

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, October 4, 2019

8:00 A.M.

COMMITTEE RECONVENED

Members present: Deats, McGlew, Melendez

Members absent: Rhoades

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

- CA-3) Minutes for KHS Finance Committee meeting on August 9, 2019 -
APPROVED
Melendez-McGlew: 3 Ayes; 1 Absent - Rhoades
- 4) Proposed Agreement with Change Healthcare, to process and submit electronic medical claims from providers and institutions directly to KHS, from October 20, 2019 through October 19, 2022, in an amount not to exceed \$0.23 per claim (Fiscal Impact: \$315,000 estimated annually; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-McGlew: 3 Ayes; 1 Absent - Rhoades
- 5) Proposed Agreement with Health Dialog Services Corporation, to provide 24/7/365 Phone Nurse Triage Services, from November 1, 2019 through October 31, 2022, in an amount not to exceed \$0.119 per member per month (Fiscal Impact: \$353,000 estimated annually; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Deats-Melendez: 3 Ayes; 1 Absent - Rhoades
- 6) Report on New Office Building Expenditures (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 1 Absent - Rhoades
- 7) Report on Kern Health Systems financial statements for July 2019 and August 2019 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 1 Absent - Rhoades
- 8) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000 and \$100,000 for July 2019 and August 2019 and IT Technology Consulting Resources for the period ended June 30, 2019 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: 3 Ayes; 1 Absent - Rhoades

ADJOURN TO FRIDAY, DECEMBER 6, 2019 AT 8:00 A.M.

Deats

