



**KERN HEALTH
SYSTEMS**

**FINANCE COMMITTEE
MEETING**

Friday, April 12, 2024

at

8:30 a.m.

**Kern Health Systems
2900 Buck Owens Blvd.
1st Floor – Board Room
Bakersfield, CA 93308**

For more information, call (661) 664-5000

AGENDA

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, April 12, 2024

8:30 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, CA 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 AND ELECTRONIC DEVICES
DURING MEETING.**

COMMITTEE TO RECONVENE

Members: Elliott, Bowers, McGlew, Turnipseed, Watson
ROLL CALL:

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 COMMITTEE 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 COMMITTEE CONCERNING THE ITEM BEFORE ACTION IS TAKEN.

STAFF RECOMMENDATION 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!**

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))
- CA-3) Minutes for Kern Health Systems Finance Committee meeting on February 9, 2024 - APPROVE
- 4) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2023 (Fiscal Impact: None) – RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Proposed Agreement with AllMed Healthcare Management, LLC, to provide Clinical Augmentation Services, from July 1, 2024 through June 30, 2027 (Fiscal Impact: \$19,076,145 over the term of the contract; Budgeted) – APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 6) Proposed Agreement with OptumInsight, Inc., for the Prospective Payment System Software, from May 1, 2024 through April 30, 2029 (Fiscal Impact: \$3,411,038 over the term of the contract; Budgeted) – APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 7) Report on Kern Health Systems Financial Statements for December 2023 and January 2024 (Fiscal Impact: None) – RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 8) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for December 2023 and January 2024 and IT Technology Consulting Resources for the period ended December 31, 2023 (Fiscal Impact: None) – RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, JUNE 7, 2024 AT 8:30 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the KHS Finance Committee may request assistance at the Kern Health Systems office, 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

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, February 9, 2024

8:30 A.M.

COMMITTEE RECONVENED

Members: Elliott, Bowers, McGlew, Turnipseed, Watson

ROLL CALL: All Present

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

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 Kern Health Systems Finance Committee meeting on December 8, 2023-
APPROVED
McGlew-Bowers: All Ayes
- 4) Report on Kern Health Systems Investment Portfolio for the Fourth Quarter Ending December 31, 2023 (Fiscal Impact: None) – IRA COHEN, UBS FINANCIAL, HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-McGlew: All Ayes
- 5) Report on 2023 Annual Review of the Kern Health Systems Investment Policy (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-Watson: All Ayes
- 6) Report on 2023 Annual Travel Report (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Watson-Bowers: All Ayes
- 7) Report on 2023 Annual Report of Disposed Assets (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-McGlew: All Ayes
- 8) Proposed Agreement with Zelis Healthcare, LLC (formerly Payspan), for the procurement of printing and mailing services along with EFT payments to providers, from February 16, 2024 through February 15, 2027 (Fiscal Impact: \$1,950,000 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-McGlew: All Ayes
- 9) Proposed Agreement with Microsoft Azure AVS, for Business Continuity and Disaster Recovery Solution, from February 16, 2024 through February 15, 2027 (Fiscal Impact: \$521,568 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Bowers: All Ayes
- 10) Proposed Agreement with InComm Healthcare, for the Member Rewards Solution, from February 16, 2024 through February 15, 2027 (Fiscal Impact: \$2,520,000 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-Watson: All Ayes
- 11) Report on Kern Health Systems Financial Statements for November 2023 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Bowers: All Ayes

SUMMARY
Finance Committee Meeting
Kern Health Systems

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- 12) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for November 2023 and IT Technology Consulting Resources for the period ended November 30, 2023 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Bowers-Watson : All Ayes

ADJOURN TO FRIDAY, APRIL 12, 2024 AT 8:30 A.M.



MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Robert Landis, Chief Financial Officer
SUBJECT: Report by Daniells Phillips Vaughan & Bock Regarding the 2023 Audit
DATE: April 12, 2024

Attached for your review are the December 31, 2023 audited financial statements for Kern Health Systems. The scope of the audit comprises the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes to the financial statements. Representatives from the accounting firm Daniells Phillips Vaughan & Bock will be providing a report on the 2023 audit.

Requested Action

Receive and File; Refer to KHS Board of Directors.



KERN HEALTH SYSTEMS

FINANCIAL REPORT
December 31, 2023



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SHANNON M. WEBSTER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Health Systems
Bakersfield, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Kern Health Systems**, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise **Kern Health System's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of **Kern Health Systems**, as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Kern Health Systems** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Kern Health Systems'** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

-1-

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Kern Health Systems'** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension (asset) liability and schedules of pension contributions on pages 4-12 and 42-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024 on our consideration of **Kern Health Systems'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Kern Health Systems'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Kern Health Systems'** internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
April 3, 2024

KERN HEALTH SYSTEMS

Management's Discussion and Analysis

Our discussion and analysis of Kern Health Systems' ("KHS", "We", "Us", "Our") financial performance provides an overview of KHS' financial activities for the calendar years ended December 31, 2023 and 2022. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 13.

Overview:

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services ("DHCS") is the single state agency responsible for administering Medi-Cal. In 2023 and 2022, KHS received over 99% of its operating revenue from the State of California. KHS is committed to continually improving the quality of care and service to its members, and to help them access the right care at the right time in the appropriate setting.

Members can select the Medi-Cal health plan of their choice. In Kern County there is one additional Medi-Cal health plan to choose from besides KHS. The opportunity to select a health plan is at the time of initial enrollment and at a minimum, annually thereafter. If a member does not select a plan, the member will be auto-assigned to one of the two Medi-Cal health plans located in Kern County.

In general, KHS members are required to use the KHS provider network to receive care. KHS contracts with various health care providers for the provision of medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers, and pharmacies. Primary Care Physicians (PCPs) along with Physician Assistants and Nurse Practitioners play an integral role in coordinating and managing the care of KHS members by delivering preventive services as well as referring members to other providers for medically necessary services. PCPs are typically trained in internal medicine, pediatrics, family practice and general practice. KHS compensates most of its providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided and incurs costs based on the actual utilization of services. Additionally, KHS works with the provider network to operate efficiently by providing financial and utilization information, physician and patient educational programs, and disease and medical management programs. In 2023 and 2022, KHS paid approximately 90% and 86%, respectively, of its revenue to providers.

KHS' long-term success depends on the quality of services provided to its members. KHS seeks to improve the quality of care delivered by its network providers by continual focus on:

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

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

KHS' employee population reflects the diversity of the members and communities it serves with a focus on providing opportunities for our employees that are intellectually stimulating and emotionally fulfilling, and offering programs and benefits that are financially rewarding. KHS continues to introduce improvements focused on employee development, hiring strategies, diversity, equity, and inclusion.

Financial Highlights:

- ❖ Our net position increased in 2023 by \$61.4 million or approximately 19.3% while in 2022 our net position increased by \$71.3 million or 28.8%.
- ❖ Our Medi-Cal enrollment growth showed an average monthly increase of approximately 29,100 members or 9.1% in 2023 compared to 2022. This compared to an average monthly increase of approximately 32,100 members or 11.1% in 2022 compared to 2021. The change in average monthly membership was due primarily to the State reinstating the annual Medi-Cal eligibility redetermination process in April 2023 to verify enrolled members were still eligible and disenroll those who were not. Prior to April 2023, the eligibility redetermination process had been paused for the last three years in response to the COVID-19 Public Health Emergency (PHE).
- ❖ We have a capitated arrangement required by the California Department of Health Care Services (DHCS) with another health plan which allows for that plan to provide health care services for assigned members. Assigned membership to this other health plan was 15,226 members at the end of 2023 compared to 14,635 members at the end of 2022. The premium revenue earned for this population was \$37.5 million and \$33.9 million for the years ended December 31, 2023 and 2022, respectively. As we have no obligation to provide care for this population, the Premiums earned amount reported for the years ended December 31, 2023 and 2022 is net of the \$36.8 million and \$33.2 million, respectively, of associated capitated expense and the member months shown have been adjusted to remove capitated member months.
- ❖ We reported an operating income of \$40.3 million or \$9.59 PMPM in 2023 and operating income of \$74.6 million or \$19.35 PMPM in 2022. The decrease in operating income in 2023 is primarily due to increased medical expense utilization resulting from DHCS program changes and changes in the population of members. On January 1, 2023, additional populations under CalAIM transitioned mandatorily from fee-for-service care to managed care including Long-term Care (LTC) members and Full Dual members.
- ❖ Managed Care Organization (MCO) Tax Revenues of \$376.7 million or \$89.66 PMPM are included in premiums earned in 2023 and \$120.2 million or \$31.20 PMPM in 2022. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax methodology changed from a 3.9375% of premium revenue to a fixed PMPM rate. The rate was \$113.49 PMPM for the period April 1, 2023 to December 31, 2023 and \$33.50 PMPM for the period January 1, 2022 to December 31, 2022. Due to delays with the approval of the MCO Tax federal waiver, the 2023 MCO tax revenue will retroactively be paid in early 2024 and 2023 MCO expense payments will also be due in early 2024. The significant increase in MCO tax revenue will be used to augment Medi-Cal provider rate increases to promote greater provider participation. The tax amounts are based on projected membership and MCO expense is assessed by quarter period. MCO Tax Expense is reported as an operating expense and was \$376.5 million or \$89.60 PMPM in 2023 and \$124.7 million or \$32.35 PMPM in 2022.

- ❖ The net increase in nonoperating income of \$24.4 million between 2023 and 2022 is attributable to a significant increase in investment earnings as the result of higher investment balances and better overall market performance in 2023 as compared to 2022. In 2022, the decrease in nonoperating expense was due to a decrease in Community grant expense in 2022 compared to 2021. In 2021, KHS had increased the amounts of Community grants awarded to assist providers with the implementation of the requirements under the CalAIM initiative which began January 2022. We reported investment and other income of \$21.1 million in 2023 or \$5.03 PMPM and investment and other income of \$1.5 million or \$0.38 PMPM in 2022. We reported Community grant expense of \$4.8 million or \$1.23 PMPM in 2022. We reported no Community grant expense in 2023.
- ❖ We continued with provider quality incentive programs and reported expenses of approximately \$6.3 million in 2023 to reward providers who demonstrate improved Managed Care Accountability Set (MCAS) outcomes.

2023 Operational Highlights:

While fulfilling our organizational mission and maintaining efficient operations, the following projects and activities were implemented in 2023:

- ❖ Created a Board Governance and Compliance Committee whose fiduciary responsibility is to oversee KHS' regulatory Compliance Program to ensure the establishment and maintenance of an effective compliance and ethics program by assuring compliance activities are reasonably designed, implemented, and generally effective in preventing and detecting risks or compliance violations.
- ❖ Hired a Chief Compliance and Fraud Prevention Officer to provide leadership to the Compliance department to ensure organizational compliance with all regulatory requirements, contract requirements, company policy and procedures, and for conducting, coordinating and reporting audit and investigative activities for the purpose of preventing and detecting fraud, waste and abuse.
- ❖ Hired Chief Health Equity Officer and launched the Health Equity Office. Developed formal Health Equity program strategy, framework, and structure including policies and procedures.
- ❖ Developed initiatives for the recruitment and retention of both internal and external workforce required to fulfill KHS' mission.
- ❖ Successful completion of the KHS Business Continuity and Disaster Recovery test to ensure that KHS' operational resilience and recovery strategies are both effective and efficient in the face of potential disruptions.
- ❖ Entered into agreements with partners for shared office space in Delano, Ridgecrest, Kern River Valley, Mojave, Frazier Park and obtained rental space for Taft to co-locate Member Engagement Representatives throughout Kern County.
- ❖ Began work on developing a Medicare Duals Special Needs Plan (D-SNP) new line of business to be in alignment with both state and federal requirements with an expected go-live date of January 1, 2026.
- ❖ Continued to prepare for both the Health Plan and Health Equity accreditations through the National Committee for Quality Assurance (NCQA). All applicable Documented Processes and Materials were updated to be in compliance with NCQA Standards.

- ❖ Entered into a strategic alignment with Microsoft regarding KHS' new Member Engagement Platform. This initiative will enhance member experience and operational efficiency. The platform is designed to facilitate more personalized, secure, and efficient interactions with our members, supporting our mission to deliver exceptional value and service.
- ❖ Established robust data connectivity with Kern Medical, Clinica Sierra Vista, Omni Health and Costal Kids, for a healthcare data exchange. This exchange will enable access to comprehensive, real-time health data, enabling healthcare providers to make informed decisions, optimize care delivery, and ultimately, contribute to the well-being of the communities KHS serves.
- ❖ Received more than 4.5 million claims (700,000 more than the previous year) and continued to meet and often exceeded required regulatory compliance standards in all categories for processing claims. In addition, KHS became responsible for processing Long-Term Care Skilled Nursing Facility claims, along with educating providers on the new billing requirements.
- ❖ Worked collaboratively with Kern County Department of Human Services in the redetermination process throughout the year. Through direct member, community, provider and partner collaboration and outreach, KHS was successful in helping the County achieve an overall redetermination rate of 79.4% which is towards the higher end when compared to renewal levels experienced by other California Medi-Cal Plans.
- ❖ The Information Security (InfoSec) team successfully completed its bi-annual third-party Information Security Audit. The audit was comprehensive, covering all critical areas of the information security framework, including policies, procedures, control systems, and data protection measures. The audit concluded with no significant findings, underscoring the robustness and effectiveness of the KHS information security management system. KHS is committed to maintaining high standards of data security and privacy, ensuring that our member and provider information remains protected.

2023 Member Highlights:

- ❖ MCAS Strike Team developed numerous initiatives focused on improving MCAS rates to close gaps in care resulting in 15 of 18 measures trending higher than prior year.
- ❖ Member Outreach efforts focused on scheduling preventive health services appointments to close gaps in care. Over 75,000 outreach attempts resulted in over 27,000 gaps closed.
- ❖ We created an internal Behavioral Health Department to improve integration, coordination and outcomes for members experiencing behavioral and mental health conditions.
- ❖ We improved the integration, coordination and outcomes for members experiencing behavioral and mental health conditions.
- ❖ Due to a change in the contract status with the other Medi-Cal health plan in Kern County, we successfully transitioned over 60,000 of their members into our health plan for a January 2024 effective date.
- ❖ We continued to monitor the Housing and Homelessness Incentive Program (HHIP) projects. This funding assisted approximately 80 individuals experiencing homelessness with permanent housing. There are currently 64 units under construction, which will serve as additional housing for individuals experiencing homelessness once completed. HHIP funding was utilized to purchase 2 Mobile Clinics dedicated to street medicine services for individuals experiencing homelessness. The program has facilitated the purchase of 3 vehicles intended to transport individuals to appointments, thereby removing barriers and enhancing access to quality care for this vulnerable population.

- ❖ We continued the Incentive Payment Program (IPP) Program Year 2 funding provided by DHCS to support the expansion of Enhanced Care Management (ECM) and Community Support Services (CSS) Programs. The allocated incentive funds were distributed among 10 providers and community-based organizations. Notably, 3 new ECM programs were introduced, while seven CSS providers and community-based organizations expanded or initiated CSS services in Arvin, McFarland, Delano, and Bakersfield.

2023 Clinical Highlights:

- ❖ Implemented additional 6 Community Supports Services. We now have a total of 14 community-based organization networks offering 12 of the 14 DHCS approved community supports services to coordinate resources to address social determinants of health for our members.
- ❖ Expanded the Enhanced Care Management (ECM) program by adding 31 new ECM programs throughout Kern County. Additionally, the ECM program added 3 new Populations of Focus: Adults Living in the Community and At Risk for Long-Term Care Institutionalization, Adult Nursing Facility Residents Transitioning to the Community, and Children/Youth.
- ❖ Continued to develop, implement, and grow CalAIM programs such as Population Health Management, Enhanced Care Management, Community Supports, and Long-Term Care.
- ❖ Expanded the Transitional Care Program focus to reduce preventable hospital readmissions, coordinate care, and address any unidentified needs during the post-acute discharge planning. Additionally, completed placement of a physician led team in local hospital to evaluate members and provide alternatives to admission as an Emergency Room Diversion program for the prevention of unnecessary admissions. Expanded ER Diversion services to an additional local hospital, making it a total of two 2 local hospitals providing this service.
- ❖ Implemented additional 6 Community Supports Services. We now have a total of 14 community-based organization networks offering 12 of the 14 DHCS approved community supports services to coordinate resources to address social determinants of health for our members.

2023 Grants and Community Support:

In August of 2023, the Kern Health Systems Board of Directors approved \$20 million in grant and strategic initiative funding. These grants will support our health equity goals by expanding access to care in rural communities, improving the quality of care for our members, increasing provider capacity, enhancing creative workforce strategies and leveraging community partners to understand the challenges that our members face daily while providing solutions and addressing barriers.

- ❖ Supported 73 projects through our Community and School Wellness Grant Programs totaling over \$312,000. Funded programs that serve the Bakersfield area as well as outlying Kern communities (1/3 of the programs serve rural Kern communities outside of Bakersfield).
- ❖ Donated over \$388,000 in sponsorships to 114 different non-profits, community-based organizations, or community events. Since these community partners serve many of the same constituents, many of our members will receive assistance from our sponsorships.
- ❖ Continued to work with the 7 awarded schools under the School Wellness Grant Program. Program activities included implementation of school gardens, vape detectors, smoking prevention education, intramural sports, new social and emotional learning curriculums, teacher mindfulness tools, flexible seating and calming corners in classroom.

- ❖ Launched the Live Better Program in Buttonwillow and Delano to offer both fitness and health education to these communities. Member wellness and self-care services was expanded to include access to online self-management tools through the KHS website, virtual and in-person health education classes, and the addition of new program offerings: Diabetes Empowerment Education Program, Fresh Start Plus, Activity & Eating, and Eat Healthy, Be Active.
- ❖ Established two new scholarship funds at California State University Bakersfield (CSUB). The Kern Family Health Care (KFHC) Nursing Annual Scholarship Fund awarded \$3,000 scholarships to 4 CSUB nursing students. The KFHC Master of Social Work (MSW) Annual Scholarship Fund awarded \$2,000 scholarships to 2 CSUB MSW students. In addition, KHS created a new scholarship program at Bakersfield College (BC) that awarded \$2,000 scholarships to 4 BC nursing students. This is the first time that KHS funded scholarships, with hopes these scholarships will lead to more college students graduating in the nursing and social work fields, which will help ease the shortage of health care professionals in Kern County. This investment, in turn, will lead to better care for KFHC members.

Using this Annual Report

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

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

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

The Statements of Cash Flows

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

Condensed Financial Information**Statements of Net Position**

KHS' net position is the difference between its assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as reported in the Statement of Net Position. Our net position increased in 2023 and 2022 by \$61.4 million \$71.3 million, respectively. Our Statements of Net Position as of December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Assets			
Cash and cash equivalents	\$ 115,782,242	\$ 99,137,387	\$ 90,414,348
Investments	406,068,694	317,979,108	195,789,809
Premiums receivable	60,525,720	69,627,533	83,797,870
MCO tax receivable	375,849,146	32,650,379	29,682,163
Hospital directed payments receivable	462,027,514	436,815,601	318,427,442
Other current assets	8,821,003	6,253,364	10,266,007
Capital assets, net	59,143,098	64,448,762	65,520,345
Other assets	1,953,788	2,152,854	2,646,723
Total Assets	<u>\$1,490,171,205</u>	<u>\$1,029,064,988</u>	<u>\$ 796,544,707</u>
Deferred Outflows of Resources	<u>\$ 8,425,634</u>	<u>\$ 8,154,860</u>	<u>\$ 3,665,821</u>
Liabilities			
Accrued medical expenses payable	\$ 253,813,304	\$ 227,819,775	\$ 187,168,103
MCO tax liability	375,849,146	32,650,379	29,682,163
Hospital directed payments payable	462,027,514	436,633,259	318,427,442
Accrued expenses	13,894,734	10,911,349	12,118,178
Net pension liability	12,665,462	10,218,206	-
Total Liabilities	<u>\$1,118,250,160</u>	<u>\$ 718,232,968</u>	<u>\$ 547,395,886</u>
Deferred Inflows of Resources	<u>\$ 158,303</u>	<u>\$ 230,571</u>	<u>\$ 5,338,319</u>
Net Position			
Net investment in capital assets	\$ 59,143,098	\$ 64,448,762	\$ 65,520,345
Restricted	300,000	300,000	300,000
Unrestricted	320,745,278	254,007,547	181,655,978
Total Net Position	<u>\$ 380,188,376</u>	<u>\$ 318,756,309</u>	<u>\$ 247,476,323</u>

KHS' net position for 2023, 2022, and 2021 exceeded all regulatory requirements for Tangible Net Equity (TNE).

Statements of Revenues, Expenses and Changes in Net Position

Operating results and changes in our net position show an increase in net position of \$61.4 million and \$71.3 million for the years ended December 31, 2023 and 2022, respectively. The increases are made up of various components as outlined below:

	2023	2022	2021	2023	2022	2021
Enrollment						
Total member months				4,387,884	4,017,909	3,611,036
Less non-risk capitated member months				(186,108)	(165,042)	(142,638)
Net member months				4,201,776	3,852,867	3,468,398
Average monthly members				350,148	321,072	289,033
				Per Member Per Month in Dollars *		
Operating Revenue						
Premiums earned	\$ 1,205,046,814	\$ 1,002,268,156	\$ 966,948,179	\$ 286.79	\$ 260.14	\$ 278.79
MCO premium tax earned	376,734,270	120,210,024	119,594,632	89.66	31.20	34.48
Hospital directed payments earned	233,292,509	264,306,595	243,729,688	55.52	68.60	70.27
Reinsurance recoveries	2,192,531	497,807	-	0.52	0.13	-
Total operating revenue	1,817,266,124	1,387,282,582	1,330,272,499	432.49	360.07	383.54
Operating Expenses						
Medical and hospital	1,077,563,498	856,089,001	891,828,161	256.45	222.21	257.13
MCO premium tax	376,495,887	124,658,814	112,821,118	89.60	32.35	32.53
Hospital directed payments	231,889,267	264,639,751	242,717,835	55.19	68.69	69.98
Administrative	82,741,418	60,258,858	47,239,327	19.69	15.64	13.62
Depreciation	8,269,844	7,065,025	7,208,071	1.97	1.83	2.08
Total operating expenses	1,776,959,914	1,312,711,449	1,301,814,512	422.90	340.72	375.34
Operating income	40,306,210	74,571,133	28,457,987	9.59	19.35	8.20
Nonoperating Revenue (Expenses)						
Investment and other income (expense)	21,125,857	1,468,465	(172,408)	5.03	0.38	(0.05)
Community grants	-	(4,759,612)	(7,895,437)	-	(1.23)	(2.28)
Total nonoperating revenue (expenses)	21,125,857	(3,291,147)	(8,067,845)	5.03	(0.85)	(2.33)
Changes in net position	61,432,067	71,279,986	20,390,142	14.62	18.50	5.87
Net position, beginning	318,756,309	247,476,323	227,086,181	75.86	64.23	65.47
Net position, ending	\$ 380,188,376	\$ 318,756,309	\$ 247,476,323	\$ 90.48	\$ 82.73	\$ 71.34

* Per Member Per Month calculations are subject to immaterial rounding differences.

Operating Income

The first component of the overall change in net position is our operating income. This is the difference between the premiums earned and the cost of medical services. We earned operating income for the years ended December 31, 2023 and 2022 of \$40.3 million and \$74.6 million, respectively.

The primary components of the operating income for 2023 are:

- ❖ Premiums earned increased \$202.8 million which is an increase of \$26.66 PMPM in 2023 from 2022. The increase in premiums earned is attributed to an increase in membership and the assumption of new membership populations in 2023, increases in premium capitated rates, and the increase in MCO tax revenue from 2022.
- ❖ The Medi-Cal average monthly membership increased by approximately 29,100 members or 9.1% over 2023.
- ❖ The medical and hospital services costs increased by \$221.5 million and \$34.26 PMPM between 2023 and 2022. This increase in expense is primarily attributed to the increased medical expense utilization resulting from DHCS program changes and changes in the population of members including the assumption of Long-term Care (LTC) and Full Dual members from FFS.
- ❖ Administrative expenses increased by \$22.5 million or an increase of \$4.05 PMPM over 2022 which is attributed primarily to increased expenses in salaries and benefits, including expenses related to new employees hired throughout 2022 that experienced a full year of compensation in 2023, additional expense for our current year CalPERS adjustment, and expenses for new employees hired in 2023. In addition, there was a significant increase in contracted services used to address the growing needs of the organization, administer new State funded programs, and meet regulatory requirements. Administrative expense as a percentage of total Operation Revenue (excluding MCO tax revenue and Hospital directed payments earned) was 6.85% in 2023 compared to 6.01% in 2022.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, community grants and other expenses. In 2023, the net nonoperating income amount was attributed to a significant increase in Investment and Other Income of \$19.7 million as the result of higher investment balances and better overall market performance. .

KHS' Cash Flow

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

General Economic and Political Environment Factors

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

Contacting KHS' Financial Management

This financial report is designed to provide our members, providers, suppliers, regulatory agencies, taxpayers, and creditors with a general overview of KHS' finances and show KHS' accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Robert Landis, CFO, Kern Health Systems, at 2900 Buck Owens Blvd, Bakersfield, California 93308.

KERN HEALTH SYSTEMS

STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 115,782,242	\$ 99,137,387
Investments (Notes 2 and 3)	406,068,694	317,979,108
Premiums receivable	60,525,720	69,627,533
MCO tax receivable	375,849,146	32,650,379
Hospital directed payments receivable (Note 4)	462,027,514	436,815,601
Other receivables (Note 5)	1,715,242	2,192,269
Prepaid expenses	6,561,513	3,217,028
Current portion of provider advances (Note 6)	544,248	844,067
Total current assets	1,429,074,319	962,463,372
Capital Assets (Note 7)		
Land	4,090,706	4,090,706
Buildings and improvements	36,976,735	36,671,140
Computer hardware and software	48,793,704	46,916,577
Furniture and equipment	4,793,965	4,395,077
Capital projects in process	2,295,294	2,241,699
	96,950,404	94,315,199
Less accumulated depreciation	37,807,306	29,866,437
	59,143,098	64,448,762
Other Assets		
Restricted investments (Notes 2, 3 and 11)	300,000	300,000
Provider advances, less current portion (Note 6)	-	263,964
Split dollar life insurance (Note 8)	1,653,788	1,588,890
	1,953,788	2,152,854
Total assets	1,490,171,205	1,029,064,988
Deferred Outflows of Resources (Note 12)	8,425,634	8,154,860
Total assets and deferred outflows of resources	\$1,498,596,839	\$1,037,219,848

See Notes to Financial Statements.

	2023	2022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued medical expenses payable (Note 9)	\$ 253,813,304	\$ 227,819,775
MCO tax liability	375,849,146	32,650,379
Hospital directed payments payable (Note 4)	462,027,514	436,633,259
Accrued expenses (Note 10)	13,894,734	10,911,349
Total current liabilities	1,105,584,698	708,014,762
Noncurrent Liabilities		
Net pension liability (Note 12)	12,665,462	10,218,206
Commitments and Contingencies (Note 14)		
Deferred Inflows of Resources (Note 12)	158,303	230,571
Net Position		
Net investment in capital assets	59,143,098	64,448,762
Restricted (Note 11)	300,000	300,000
Unrestricted	320,745,278	254,007,547
Total net position	380,188,376	318,756,309
Total liabilities, deferred inflows of resources and net position	\$1,498,596,839	\$1,037,219,848

KERN HEALTH SYSTEMS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenue		
Premiums earned	\$1,205,046,814	\$1,002,268,156
MCO tax earned	376,734,270	120,210,024
Hospital directed payments earned (Note 4)	233,292,509	264,306,595
Reinsurance recoveries (Note 13)	2,192,531	497,807
Total operating revenue	1,817,266,124	1,387,282,582
Operating Expenses		
Medical and hospital	1,077,563,498	856,089,001
MCO premium tax (Note 1)	376,495,887	124,658,814
Hospital directed payments (Note 4)	231,889,267	264,639,751
Administrative	82,741,418	60,258,858
Depreciation	8,269,844	7,065,025
Total operating expenses	1,776,959,914	1,312,711,449
Operating income	40,306,210	74,571,133
Nonoperating Revenue (Expenses)		
Investment and other income	21,125,857	1,468,465
Community grants	-	(4,759,612)
Net nonoperating (expenses)	21,125,857	(3,291,147)
Change in net position	61,432,067	71,279,986
Net position, beginning	318,756,309	247,476,323
Net position, ending	\$ 380,188,376	\$ 318,756,309

See Notes to Financial Statements.

KERN HEALTH SYSTEMS**STATEMENTS OF CASH FLOWS****Years Ended December 31, 2023 and 2022**

	2023	2022
Cash Flows From Operating Activities		
Premiums received	\$1,248,434,303	\$1,132,156,123
Hospital directed payments earned	208,080,596	145,918,436
Reinsurance recoveries	2,192,531	497,807
Medical and hospital payments	(1,051,569,969)	(815,437,329)
Hospital directed payments paid	(206,495,012)	(146,433,934)
Administrative expenses paid	(81,371,784)	(58,360,563)
MCO premium tax expense paid	(33,297,120)	(121,696,867)
Net cash provided by operating activities	85,973,545	136,643,673
Cash Flows From Noncapital Financing Activities		
Community grants	-	(4,759,612)
Nonoperating income	20,999	3,355
Net cash provided by (used in) noncapital financing activities	20,999	(4,756,257)
Cash Flows From Capital And Related Financing Activities		
Acquisition of capital assets -		
Net cash (used in) capital and related financing activities	(2,964,583)	(6,115,997)
Cash Flows From Investing Activities		
Purchases of investments	(1,475,483,059)	(1,537,065,555)
Proceeds from maturities of investments	1,408,474,068	1,416,117,352
Payments received on provider advances	688,783	3,835,702
Proceeds from (payments on) split dollar life insurance	(64,898)	64,121
Net cash (used in) investing activities	(66,385,106)	(117,048,380)
Net increase in cash and cash equivalents	16,644,855	8,723,039
Cash and cash equivalents:		
Beginning	99,137,387	90,414,348
Ending	\$ 115,782,242	\$ 99,137,387

See Notes to Financial Statements.

	2023	2022
Reconciliation of operating activities to net cash provided by operating activities		
Operating income	\$ 40,306,210	\$ 74,571,133
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,269,844	7,065,025
Provision for allowance for doubtful provider advances	(125,000)	125,000
Changes in:		
Deferred outflows of resources	(270,774)	(4,489,039)
Net pension liability	2,447,256	10,911,918
Deferred inflows of resources	(72,268)	(5,107,748)
Changes in working capital components:		
(Increase) decrease in:		
Premiums receivable and other receivables	9,603,506	13,638,343
MCO tax receivable	(343,198,767)	(2,968,216)
Hospital directed payments receivable	(25,211,913)	(118,388,159)
Prepaid expenses	(3,344,485)	666,540
Increase (decrease) in:		
Accrued medical expenses payable	25,993,529	40,651,672
MCO tax payable	343,198,767	2,968,216
Hospital directed payments payable	25,394,255	118,205,817
Accrued expenses	2,983,385	(1,206,829)
Net cash provided by operating activities	\$ 85,973,545	\$ 136,643,673

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

Redeterminations: For the period during which the Public Health Emergency (“PHE”) was in effect, Medicaid programs were required to keep individuals continually enrolled through the end of the PHE. With the passage and signing of the Consolidated Appropriation Act of 2023 (ACT), this situation is expected to change. The Act allows states to restore eligibility verification and to terminate members deemed ineligible as early as April 1, 2023. During 2023 management estimates that KHS lost approximately 40,000 members due to redeterminations. KHS continues to be in close contact with local and state agencies to develop action plans designed to minimize potential disruption of care for its members. KHS has a team of employees ready to support our Medi-Cal eligible members to recertify their Medi-Cal eligibility status.

A summary of KHS’ significant accounting policies follows:

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

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

	<u>Years</u>
Buildings and improvements	10-40
Computer hardware and software	5
Furniture and equipment	5

KHS' capitalization policy is to capitalize all items with a unit cost greater than \$5,000 with the exception of computer software which has a per unit capitalization of \$10,000 and an expected useful life of greater than one year. Items that do not meet KHS' capitalization policy and that do not have a useful life of greater than one year are expensed in the period acquired.

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

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

- ❖ *Net investment in capital assets* consists of capital assets net of accumulated depreciation, reduced by the current balance of any outstanding borrowings used to finance the purchase or construction of those assets.
- ❖ *Restricted net position* is non-capital net position that must be used for a particular purpose, as specified by regulators, creditors, grantors, or contributors external to KHS.
- ❖ *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

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

In 2013, KHS entered into a capitated agreement required by the DHCS with another Health Plan which allows for that plan to provide health care services for their assigned members. As KHS had no obligation to provide care for this population, the Premiums earned amount included as part of operating revenue is reported net of the capitated expense associated with assigned members. Capitated expense was \$40.6 million for 15,226 members assigned for the year ended December 31, 2023 and was \$33.2 million for 14,635 members assigned for the year ended December 31, 2022. This contract ended on December 31, 2023.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

Premiums revenue: Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange payments for managed health care services provided to KHS members. CMS requires that the rates used in KHS' premiums are to be actuarially sound. Premium revenue is fixed in advance of the periods covered on a per member per month (PMPM) basis and are generally not subject to significant accounting estimates. Premium payments received from DHCS are based on an eligibility list produced by DHCS and are subject to eligibility redeterminations and enrollment backlogs related to the renewal of Medi-Cal coverage. Premium payments are required to be returned if DHCS later discovers that the eligibility list contains individuals who were not eligible. Medi-Cal redeterminations had been paused since March 2020, originally tied to the COVID-19 public health emergency (PHE). The passage of the Consolidated Appropriations Act of 2023 in December 2022 allows for the resumption of Medi-Cal redeterminations as early as April 1, 2023. KHS' PMPM rates are typically adjusted annually. KHS receives additional premium revenue in the form of a "maternity kick payment" which is a one-time payment for the delivery of a child. For the years ended December 31, 2023 and 2022, maternity kick payments in the amount of \$39.8 million or 3.3% and \$40.1 million or 4.0% respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Behavioral Health Treatment kick payment" based on the utilization by its members diagnosed with specific Autism criteria. For the year ended December 31, 2022 Behavioral Health Treatment payments in the amount of \$18.3 million or 1.8% of total premium revenue were recognized. As of January 1, 2023, KHS is no longer receiving additional kick payments for the Behavioral Health Treatment program, as funding is now included in the capitated rates received from DHCS. Beginning in 2021, DHCS began a two-year Behavior Health Integration Incentive Program (BHI) in which funds are received for qualifying providers to assist in the improvement of physical and behavioral health outcomes and care delivery efficiency. For the year ended December 31, 2022 BHI program payments in the amount of \$4.5 million or 0.4% of total premium revenue were recognized. The BHI program concluded December 31, 2022.

KHS receives supplemental revenue funded by the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) for the purpose of paying additional amounts for qualifying physician services based on certain specified eligible CPT procedure codes. For the years ended December 31, 2023 and 2022 Proposition 56 payments in the amount of \$76 million or 6.3% and \$70.5 million or 7.0%, respectively, of total premium revenue were recognized. Proposition 56 physician services supplemental payments ended December 31, 2023 as DHCS has developed Targeted Rate Increases ("TRI") for providers in Medi-Cal effective for dates of service on or after January 1, 2024. The TRI for targeted services is to be no less than 87.5% of the Medicare rate. The calculation methodologies used to determine the 87.5% of Medicare Rate are quite complex and until the TRI are implemented, DHCS expects managed care plans to pay the equivalent value of the former Proposition 56 physician services supplemental payments. KHS also receives supplemental Ground Emergency Medical Transportation (GEMT) revenue provided for the purpose of paying additional amounts to qualifying GEMT providers based on certain specified eligible CPT procedure codes. For the years ended December 31, 2023 and 2022, GEMT payments in the amount of \$6.4 million or 0.5% and \$7.0 million or 0.7% respectively, of total premium revenue were recognized.

Premiums are also subject to prior year retroactive rate adjustments based on actual and expected health care costs and are recognized when known in the current year. For the years ended December 31, 2023 and 2022 KHS recognized a net reduction of \$0.3 million or 0.3% and a net reduction of \$3.3 million or 0.03%, respectively, of premium revenue as a result of retroactive membership and rate adjustments.

KHS' premiums may be periodically amended to include or exclude certain health benefits such as pharmacy and behavioral health services or introduce new programs such as the services provided under the Enhanced Care Management Program (ECM). Premium rates can also be amended to include supplemental payments for providers, such as those paid under Proposition 56 or GEMT, or to cover a new population of members such as seniors and persons with disabilities (SPD) or expansion members.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Health care service cost recognition: KHS contracts with various health care providers for the provision of certain medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. KHS compensates most of these providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided along with the costs incurred based on the actual utilization of services. The cost of health care services provided but unpaid is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported to KHS. KHS also includes certain medically-related administrative costs such as preventative health and wellness, care management, health education, disease management, 24 hour on-call nurses and other quality improvement costs under medical care services. KHS funds a provider performance quality incentive pool on a per member per month basis (PMPM). Provider participation is based on the similar Managed Care Accountability Set (MCAS) scores that DHCS uses to measure KHS in determining member assignment. KHS determines the level of provider participation based on MCAS scores, with any remaining funds in the pool allocated to the following year incentive pool, community grants, or other quality improvement projects.

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

Managed Care Organization Premium taxes: Beginning July 1, 2016, under Senate Bill X2-2, the Managed Care Organization (MCO) tax rate was payable to DHCS on a quarterly basis based on projected annual membership. MCO Tax Revenue is received from DHCS monthly based on actual membership on a per member per month fixed dollar amount. This change in MCO tax methodology puts KHS at risk if the assumed membership used in the calculated tax expense is different than the actual membership KHS experiences during the rate year. The premium revenues received include the premium tax assessment. These amounts are reported on a gross basis and are included in total operating revenues with the MCO tax expense presented separate from all other medical and administrative expense. Due to the pause in member redeterminations, and continued increases in member enrollment, Medi-Cal plans received significantly more MCO tax revenue than was required to be paid in quarterly MCO tax expense. DHCS indicated excess funds received were subject to recoupment. For the year ended December 31, 2022, KHS recorded a liability of approximately \$15.9 million payable to DHCS for MCO tax revenue received in excess of the required MCO tax expense for the period July 1, 2020, through December 31, 2022. In December 2023 the MCO Tax was reinstated with an effective date of April 1, 2023 which resulted in approximately \$375.8 million of MCO Tax revenue and \$376.5 million of MCO Tax expense for the year ended December 31, 2023.

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

Pass-through funding from DHCS: During the years ended December 31, 2023 and 2022, KHS received \$92.4 million and \$41.1 million, respectively, of supplemental fee revenue from DHCS. KHS passes these funds through to the designated hospitals and providers. This amount is not reflected in the statements of revenues, expenses and changes in net position for the years ended December 31, 2023 and 2022, as this pass-through amount does not meet the requirements for revenue recognition under Governmental Accounting Standards.

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Advertising: KHS expenses advertising costs as they are incurred. Advertising expense totaled \$1.7 million and \$0.6 million for the years ended December 31, 2023 and 2022, respectively.

Reclassifications: Certain items in the 2022 financial statements have been reclassified to conform to the 2023 presentation, with no effect on change in net position.

Subsequent events: KHS has evaluated subsequent events through April 3, 2024, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

Authoritative pronouncements not yet adopted: In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is evaluating the impact of the implementation of this statement on their financial statements.

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In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is evaluating the impact of the implementation of this statement on their financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

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This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government’s vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint;
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements;
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Management is evaluating the implementation of this statement on their financial statements.

Note 2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments at December 31, 2023 are classified in the accompanying financial statements as follows:

<hr/>		
Cash and cash equivalents:		
Deposits		\$ 9,241,641
Local Agency Investment Fund (LAIF) and money market funds		106,540,401
Cash on hand		200
Total cash and cash equivalents		<u>\$ 115,782,242</u>
	<hr/>	
	Cost	Fair Value
Investments:		
Unrestricted:		
Government agency bonds and notes	\$ 327,020,791	\$ 327,152,121
Corporate bonds and notes	78,863,931	78,916,573
Total unrestricted	<u>405,884,722</u>	<u>406,068,694</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$ 406,184,722</u>	<u>\$ 406,368,694</u>

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NOTES TO FINANCIAL STATEMENTS

Cash, cash equivalents and investments at December 31, 2022 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:		
Deposits		\$ 1,859,330
Local Agency Investment Fund (LAIF) and money market funds		97,277,857
Cash on hand		200
Total cash and cash equivalents		<u>\$ 99,137,387</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Unrestricted:		
Government agency bonds and notes	\$ 260,934,310	\$ 261,167,637
Corporate bonds and notes	58,702,618	56,811,471
Total unrestricted	<u>319,636,928</u>	<u>317,979,108</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$ 319,936,928</u>	<u>\$ 318,279,108</u>

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

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

Investments Authorized by KHS' Investment Policy

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

- Preservation of principal
- Liquidity
- Yield

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

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

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

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

- (1) May not exceed the 5% limit of any one commercial bank and may not exceed the 5% limit for any security on any bank.
- (2) May not exceed more than 10% of the outstanding commercial paper of the issuing corporation.
- (3) May not exceed 50% if maturity is less than or equal to 7 days; 25% if maturity is greater than 7 days.
- (4) May not exceed more than 10% of the money market fund's assets.
- (5) Medium-term notes or other corporate security of any one corporate issuer must not exceed more than 5% of the portfolio.
- (6) Rated AAA by a nationally recognized rating service and issued by an issuer having an A or better rating for its long-term debt.
- (7) Maturities greater than one year and less than five years may not exceed the FDIC Insurance maximum at the time of purchase.

Disclosures Relating to Interest Rate Risk

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

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Disclosures Relating to Credit Risk

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

GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5% of its total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments. There were no investments of any single issuer that exceeded 5% of its total investments as of December 31, 2023 or 2022.

Custodial Credit Risk

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

Cash Equivalents in State Investment Pool

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

Note 3. Fair Value Measurements

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

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that KHS has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">❖ Quoted prices for similar assets or liabilities in active markets;❖ Quoted prices for identical or similar assets or liabilities in inactive markets; |

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

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

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

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

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

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

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

All investments held by KHS at December 31, 2023 and 2022 are considered to be level 1 assets.

KHS invests in professionally managed portfolios that contains bonds of publicly traded companies and U.S. Government obligations. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Note 4. Hospital Directed Payments

Beginning with the July 1, 2017 rating period, the Department of Health Care Services (DHCS) implemented two statewide directed payment programs for designated public hospitals (DPH), the Enhanced Payment Program (EPP) and the Quality Incentive Program (QIP), and one statewide directed payment program for private hospitals (PHDP). EPP provides supplemental reimbursement to Network Provider DPHs through uniform dollar increases for select inpatient and non-inpatient services, based on the actual utilization of qualifying services as reflected in encounter data reported to DHCS. QIP provides quality incentive payments to participating Network Provider DPHs that meet quality metrics designated in the program. PHDP provides supplemental reimbursement to participating Network Provider hospitals through uniform dollar increases for select inpatient and outpatient services based on actual utilization of qualifying services as reflected in encounter data reported to DHCS. The Hospital Directed Payment programs were created to maintain access and improve the quality of care for Medi-Cal beneficiaries. These programs direct Managed Care Plans (MCP), like KHS, to pay specified contracted Network Providers in accordance with terms approved by the Centers for Medicare & Medicaid Services (CMS) and directed by DHCS.

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The projected value of the program payment obligations to designated hospitals are accounted for as medical expenses and paid through additional capitation revenue. Due to the timing of the program acceptance by CMS and delays in funding to MCPs, final rates of the various Hospital Directed Payment programs are not available until paid. KHS accrued Hospital Directed Payments receivable of approximately \$462.0 million and Hospital Directed payments payable of approximately \$462.0 million reported as of December 31, 2023. For the year ended December 31, 2022 KHS accrued Hospital Directed Payments receivable of approximately \$436.8 million and Hospital Directed Payments payable of approximately \$436.6 million. The amount of premium revenue for Hospital Directed Payment programs recognized for the years ended December 31, 2023 and 2022 was approximately \$233.3 million and \$264.3 million, respectively, and is reported as part of operating revenues. Hospital Directed Payment expense obligations recognized for the years ended December 31, 2023 and 2022 were approximately \$231.9 million and \$264.6 million, respectively, and are reported as part of operating expenses. As stated above, KHS has very little visibility as to the timing of these payments until actually paid by DHCS.

Note 5. Other Receivables

Other receivables consist of the following at December 31, 2023 and 2022:

	2023	2022
Provider receivable	\$ 1,146,553	\$ 1,603,931
Interest	413,845	389,179
Other	154,844	199,159
	<u>\$ 1,715,242</u>	<u>\$ 2,192,269</u>

Note 6. Provider Advances

In April 2020 as part of the response to the COVID-19 pandemic and in an effort to support its network of providers of care for the more than 258,000 members served, KHS advanced \$5.7 million under a COVID-19 Provider Financial Relief Program. Under the Program, provider advance payments were offered to select local network providers of up to 50% of their average 2019 monthly claim payments multiplied by three months. The no interest payment advances were aimed at providing financial assistance to those network providers experiencing financial hardships due to lower utilization of medical services as the result of the Governor’s shelter in place order. Monthly repayments of provider advances began in September 2021 and are due on January 1, 2024. In the event of a program payment default, KHS has the right to offset amounts owed by providers against any future monies owed to the provider. As of December 31, 2023 and 2022, outstanding provider advances due to KHS totaled \$0.5 million and \$1.1 million, respectively.

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS****Note 7. Capital Assets**

Capital asset activity for the years ended December 31, 2023 and 2022 is as follows:

	Balance January 1,				Balance December 31,
	2023	Additions	Deletions	Transfers	2023
Capital Assets Not Being Depreciated:					
Land	\$ 4,090,706	\$ -	\$ -	\$ -	\$ 4,090,706
Capital projects in progress	2,241,699	1,801,221	-	(1,747,626)	2,295,294
Subtotal	6,332,405	1,801,221	-	(1,747,626)	6,386,000
Capital Assets Being Depreciated:					
Buildings and improvements	36,671,140	-	-	305,595	36,976,735
Computer hardware and software	46,916,577	1,028,492	(315,427)	1,164,062	48,793,704
Furniture and equipment	4,395,077	134,870	(13,951)	277,969	4,793,965
Subtotal	87,982,794	1,163,362	(329,378)	1,747,626	90,564,404
Accumulated Depreciation:					
Buildings and improvements	2,955,942	907,860	-	-	3,863,802
Computer hardware and software	23,757,053	6,713,662	(315,024)	-	30,155,691
Furniture and equipment	3,153,442	648,322	(13,951)	-	3,787,813
Subtotal	29,866,437	8,269,844	(328,975)	-	37,807,306
Net Depreciable					
Capital Assets	58,116,357	(7,106,482)	(403)	1,747,626	52,757,098
Total Capital Assets	\$ 64,448,762	\$ (5,305,261)	\$ (403)	\$ -	\$ 59,143,098
Balance					
	January 1,	Additions	Deletions	Transfers	December 31,
	2022				2022
Capital Assets Not Being Depreciated:					
Land	\$ 4,090,706	\$ -	\$ -	\$ -	\$ 4,090,706
Capital projects in progress	4,580,047	5,277,836	(120,000)	(7,496,184)	2,241,699
Subtotal	8,670,753	5,277,836	(120,000)	(7,496,184)	6,332,405
Capital Assets Being Depreciated:					
Buildings and improvements	36,671,140	-	-	-	36,671,140
Computer hardware and software	39,165,691	737,487	(464,543)	7,477,942	46,916,577
Furniture and equipment	4,422,937	100,674	(146,776)	18,242	4,395,077
Subtotal	80,259,768	838,161	(611,319)	7,496,184	87,982,794
Accumulated Depreciation:					
Buildings and improvements	2,042,639	913,303	-	-	2,955,942
Computer hardware and software	18,642,258	5,576,749	(461,954)	-	23,757,053
Furniture and equipment	2,725,279	574,973	(146,810)	-	3,153,442
Subtotal	23,410,176	7,065,025	(608,764)	-	29,866,437
Net Depreciable					
Capital Assets	56,849,592	(6,226,864)	(2,555)	7,496,184	58,116,357
Total Capital Assets	\$ 65,520,345	\$ (949,028)	\$ (122,555)	\$ -	\$ 64,448,762

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Note 8. Split Dollar Life Insurance

In October 2017, KHS entered into a split-dollar life insurance agreement with a key employee and his beneficiary, whereby the employee is eligible to receive distributions, and KHS will receive \$774,526 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$852,762 and \$816,478 at December 31, 2023 and 2022, respectively.

In June 2020, KHS entered into a second split-dollar life insurance agreement with the same employee and his beneficiary as the 2017 agreement, whereby the employee is eligible to receive distributions, and KHS will receive \$847,832 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$801,026 and \$772,412 at December 31, 2023 and 2022, respectively.

The employee retired from KHS in July 2022, however the above agreements remain in place.

Note 9. Accrued Medical Expenses Payable

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

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

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

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized \$14.1 million and \$16.2 million of favorable prior year IBNR adjustments for the years ended December 31, 2023 and 2022, respectively, due to lower-than-expected utilization.

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Proposition 56: On November 8, 2016, California voters approved Proposition 56 to increase the excise tax rate on cigarettes and tobacco products. Under Proposition 56, a portion of the tobacco revenue is allocation to the Department of Health Care Services (DHCS) for use as the nonfederal share of health care expenditures in accordance with the annual state budget process. Proposition 56 appropriated funds resulted in directed payments made to Medi-Cal managed care health plans for the purposes of paying additional amounts for qualifying physician services based on certain specified CPT procedure codes. The directed payments are subject to a minimum medical expenditure percentage and a portion of capitation payments attributed to this directed payment arrangement will be subject to a two-sided risk corridor. At December 31, 2023 and 2022 KHS has accrued \$55.8 million and \$60.7 million, respectively, in payments to providers for Propotion 56. If less than the targeted amount accrued is paid to providers, amounts will be returned to the State through the performance of DHCS’ risk corridor calculation. Proposition 56 physician services supplemental payments ended December 31, 2023, as DHCS has developed Targeted Rate Increases (“TRI”) for providers in Medi-Cal effective for dates of service on or after January 1, 2024. The TRI for targeted services are to be no less than 87.5% of the Medicare rate, The calculation methodologies used to determine the 87.5% of Medicare Rate are quite complex and until the TRI is implemented, DHCS expects managed care plans to pay the equivalent value of the former Proposition 56 physician services supplemental payments.

Bridge Risk Corridor: Due to the unprecedented circumstances of the COVID-19 pandemic, DHCS and its contracted actuary determined that a two-sided, symmetrical risk corridor (“Bridge Corridor”) would appropriately provide protection for both the State and Medi-Cal managed care plans (MCPs) like KHS. The purpose of the risk corridor is to mitigate potentially significant upward or downward risk associated with COVID-19 that was not determinable at the time of rate development. The Bridge Corridor was retroactive to July 1, 2019 and is based on an estimate provided by guidance obtained from DHCS. At December 31, 2023 and 2022, KHS had accrued \$25.5 million owed to the state for the rate period July 1, 2019 through December 31, 2020.

Accrued medical services and related claims adjustment expenses payable consist of the following at December 31, 2023 and 2022:

	2023	2022
Estimated incurred but not reported claims	\$ 123,560,618	\$ 96,084,096
Supplemental Proposition 56 provider payments	55,819,318	60,729,070
Bridge risk corridor	25,453,666	25,453,666
Claims payable	18,170,423	18,643,959
Major Organ Transplant	11,220,403	3,381,437
Enhanced Care Management (ECM) risk corridor	9,208,423	12,843,453
Provider performance quality incentive	6,253,771	3,505,791
Allowance for claims processing expense	3,776,682	2,831,842
CalAIM Incentive	350,000	4,318,339
Provider vaccine incentive	-	28,122
	<u>\$ 253,813,304</u>	<u>\$ 227,819,775</u>

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 10. Accrued Expenses

Accrued expenses consist of the following at December 31, 2023 and 2022:

	2023	2022
Salaries and employee benefits	\$ 5,608,912	\$ 4,137,755
Accounts payable	5,089,338	3,777,586
Non-operating passthrough liability	1,306,490	1,058,010
CalPERS employee and employer contributions	778,882	410,699
Other taxes and licenses	646,741	-
Community grants payable	365,150	1,515,321
New building and construction	99,221	11,978
	<u>\$ 13,894,734</u>	<u>\$ 10,911,349</u>

Note 11. Restricted Investments and Tangible Net Equity

As required by the State of California’s Department of Managed Health Care, Section 1300.76.1, KHS has acquired certificates of deposit with three financial institutions totaling \$300,000. These certificates of deposit have been assigned to the Director of the Department of Managed Health Care as part of the process of obtaining and maintaining its Knox-Keene license and are legally restricted for this purpose. These certificates of deposit mature in amounts of \$100,000 each on January 31, 2024, June 5, 2024 and June 8, 2024.

KHS is a fully licensed health-care service plan under the Knox-Keene Health Care Services Plan Act of 1975 (the “Act”). Under the Act, KHS is required to maintain a minimum level of tangible net equity. The required equity level was approximately \$58.2 million and \$50.8 million at December 31, 2023 and 2022, respectively. KHS’ tangible net equity was approximately \$380.2 million and \$318.8 million at December 31, 2023 and 2022, respectively.

Note 12. Employee Pension Plans

CalPERS

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

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

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

The Plans' provisions and benefits in effect at December 31, 2023 and 2022 are summarized as follows:

	2023		2022		
	Classic	PEPRA	Classic	PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60 5 years of service	2% @ 60 5 years of service	2% @ 62 5 years of service	2% @ 60 5 years of service	2% @ 62 5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Benefit payments	50	50	52	50	52
Retirement age	2%	2%	2%	2%	2%
Monthly benefits, as a % of eligible compensation	7%	6.93%	7.75%	6.93%	6.75%
Retirement employee contribution rates	6.709% to 7.159%	8.63% to 10.100%	7.74% to 7.680%	8.65% to 8.630%	7.59% to 7.470%
Required employer contribution rates					

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

For the years ended December 31, 2023 and 2022, the contributions recognized as part of pension expense were as follows:

	2023	2022
Contributions - employer	\$ 4,036,369	\$ 3,516,567
Contributions - employee (paid by employer)	\$ -	\$ -

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

As of December 31, 2023, and 2022, KHS reported a net pension liability for its proportionate share of the net pension liability of \$12.7 million and \$10.2 million, respectively.

KHS' fiduciary net pension as a percentage of KHS' total pension liability for the years ended December 31, 2023 and 2022 was 86.03% and 87.00%, respectively.

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KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2022	0.3664%
Proportion - June 30, 2023	0.3995%
Change - Increase	0.0331%

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2022 and 2021 was as follows:

Proportion - June 30, 2021	0.3221%
Proportion - June 30, 2022	0.3664%
Change - Increase	0.0443%

For the years ended December 31, 2023 and 2022, KHS recognized pension expense of \$6,653,389 and \$5,608,106, respectively. At December 31, 2023 and 2022, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,964,771	\$ -	\$ 2,913,850	\$ -
Changes in assumptions	1,206,051	-	1,756,640	-
Differences between expected and actual experiences	1,020,491	158,303	344,261	230,571
Net differences between projected and actual earnings on pension plan investments	3,234,321	-	3,140,109	-
Total	\$ 8,425,634	\$ 158,303	\$ 8,154,860	\$ 230,571

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\$2,964,771 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31,

2024	\$ 1,660,187
2025	1,107,422
2026	2,442,145
2027	92,806
	<u>\$ 5,302,560</u>

Actuarial Methods and Assumptions: The total pension liabilities in the June 30, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions:

	2023	2022
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions:		
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.55%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.00% (a)	7.00% (a)
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

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

(b) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% as of June 30, 2022 and June 30, 2021. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate of 6.90% as of June 30, 2022 and 2021 is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at <http://www.calpers.ca.gov>.

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According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.90% as of June 30, 2022 and June 30, 2021, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.05% as of June 30, 2022 and 2021. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Public Equity (a)	45.1%	8.9%
Private Equity (b)	12.9%	11.8%
Income (a)	26.4%	2.4%
Private Debt (b)	2.2%	-
Real Assets (b)	15.2%	7.7%
Fund financing	-1.8%	0.0%
Total	100%	

(a) Includes exposure from derivatives and repo borrowing used for Total Fund Financing.

(b) Reflect valuation as of March 31, 2023 and are cash adjusted through June 30, 2023.

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

	2023	2022
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 20,439,315	\$ 16,603,473
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 12,665,462	\$ 10,218,206
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 6,266,914	\$ 4,964,716

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

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Retirement Plan

Plan description and funding policy: KHS has a 401(a)-retirement plan, which was approved by the IRS on August 15, 1996. All full-time employees are eligible to participate in the Plan. KHS matches 100% of contributions made by KHS employees to their 457(b) plan up to a maximum of 6% of the employee's salary. KHS contributions do not vest until the employee has been employed for three years when at such time the employee becomes 100% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was \$2.3 million and \$2.0 million for the years ended December 31, 2023 and 2022, respectively.

Note 13. Reinsurance

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

For each of the years ended December 31, 2023 and 2022 coverage provides reimbursement of approximately 90 percent, of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of \$2,000,000 per member per contract year.

For the years ended December 31, 2023 and 2022 the premium coverage is \$0.27 and \$0.18 per member per month (PMPM), respectively, with no minimum annual premium requirement.

The deductible for each individual member was \$350,000 for each of the years ended December 31, 2023 and 2022, and the Aggregate Specific Retention deductible was \$0.23 PMPM and \$0.13 PMPM, respectively, for the years ended December 31, 2023 and 2022.

Reinsurance premiums of \$1.1 million and \$0.6 million are included in medical and hospital expense for the years ended December 31, 2023 and 2022, respectively. Reinsurance recoveries of \$2.2 million and \$0.5 million are included in operating revenue for the years ended December 31, 2023 and 2022, respectively.

Note 14. Commitments and Contingencies

Litigation

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

Professional Liability Insurance

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

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Cyber Insurance

KHS maintains Cyber Insurance to reduce the financial risk associated from a cyber-attack and/or a data breach involving sensitive member or employee information. The policy also assists with notification costs and data restoration expenses.

COVID-19 Vaccination Incentive Program

Kern Health Systems embarked on an aggressive COVID-19 Vaccination Incentive Program that aligns with the Department of Health Care Service's initiative to materially increase vaccines among California's Medi-Cal population. This program focuses on identifying unvaccinated beneficiaries, educating them as to the vaccine's importance, increasing access to COVID-19 vaccination sites and providing incentives to encourage becoming vaccinated. Starting September 1, 2021 through February 28, 2022, KHS offered incentives to members who got fully vaccinated. Providers that were willing to enhance their efforts in getting their assigned members vaccination and became a vaccination site, were also incentivized. KHS also partnered with several community organizations and initiatives that focused on education and access to COVID 19 vaccinations in Kern County. For the year ended December 31, 2022 KHS reported additional Medi-Cal premium revenue of \$2.8 million related to Vaccine Incentive Programs and medical expense of \$3.5 million.

California Advancing and Innovating Medi-Cal (CalAIM) Program

Effective January 1, 2022, DHCS implemented California Advancing and Innovating Medi-Cal (CalAIM), a multi-year initiative aimed at improving the quality of life and health outcomes of the Medi-Cal managed care population through the implementation of a broad delivery system, and program and payment reform across the Medi-Cal program. CalAIM's Enhanced Care Management (ECM) and Community Support programs required significant investments in care management capabilities in which DHCS provided additional funding to Medi-Cal managed care plans. For the years ended December 31, 2023 and 2022, CalAIM initiative payments, including ECM funding and Housing and Homelessness Incentive Program funds, in the amount of \$48.1 million or 4.0% and \$41.2 million or 4.1%, respectively, of total premium revenue were recognized.

California Advancing and Innovating Medi-Cal (CalAIM) is a multi-year initiative by DHCS to implement policy changes with the objectives of:

- 1) Reducing variation and complexity across the delivery system;
- 2) Identifying and managing member risk and need through population health management strategies; and
- 3) Improving quality outcomes and drive delivery system transformation through value-based initiatives and payment reform.

There are significant operational impacts to Medi-Cal Managed Care Plans (MCPs) like KHS. Some examples include, transitioning the DHCS Health Homes Program and Whole Person Care Program to an Enhanced Care Management and Community Support Services programs along with additional Transplant services to MCPs, carve-in of Long Term Care to MCPs, requiring all MCPs to operate a Duals Special Needs Plan (D-SNP), a Student Behavioral Health Incentive Program to increase access to preventive, early intervention and behavioral health services for children, Housing and Homelessness Incentive Program to address homelessness as a social determinant of health and keeping individuals housed, and requiring all MCPs to become NCQA accredited.

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Regulatory Matters

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

Changes in the regulatory environment and applicable laws and rules also may occur periodically in connection with political and administrative initiatives at the local, state, or national level. Much of the federal and state focus in 2022 and 2021 was related to the COVID-19 response. This included federal and state efforts to expand access to COVID testing and treatment services. The State budget also put forth retro-active and prospective rate reductions for Medi-Cal Managed Care Plans. Additionally, in 2022 and 2021 there were numerous temporary changes in regulatory requirements related to the COVID-19 Public Health Emergency (PHE). Due to the State of California and Federal budget challenges, there could be a reduction on Medi-Cal spending such as reduced federal matching funds which could limit future rate increases or reduce benefits to members, reversing the ACA expansion that enables coverage for all low-income childless adults, requiring Medi-Cal members to work, and limiting the amount of lifetime benefits for members.

The Governor's administration and the legislature also continue to consider a single-payer healthcare system for California.

Information Technology

KHS is dependent on effective and secure enterprise commercial information systems that assist in the operational processing and management of eligibility, benefits, payments, providers, clinical quality, benefit utilization, and clinical population oversight. These third-party systems, vendor relationships, and support models/contracts are critical in managing data that is essential for internal and external (regulators) oversight and require KHS to monitor data security measures to adhere to CMS and HIPAA regulations. This makes operations vulnerable to adverse effects if such third parties fail to perform adequately. KHS' Management Information Systems department is constantly engaged in the third-party contracts that govern these systems while reviewing technical architectures and roadmaps; third-party operational support function and models; and the business continuity and disaster recovery solutions and strategies using private and public cloud systems to mitigate system disruptions. Due to rapid growth and the impact of COVID-19, KHS now maintains a permanent hybrid telecommuting workforce. Operations, support teams, processes, and security have all been updated accordingly to sustain this new work model. KHS information systems necessitate continuous technical resource commitment for maintenance, protection, and enhancement. This includes keeping pace with evolving healthcare operations, information security standards, regulations, customer needs, acquisitions, and heightened security risks.

Encounter Data

KHS is required to submit complete and correct encounter data to DHCS. The accurate and timely reporting of encounter data is becoming increasingly important to determine compliance with performance standards and in setting KHS' premium rates. KHS submits encounters on a weekly basis to ensure that business operations can iteratively review submission rejections, denials, or errors for timely submission. Inaccurate encounter reporting could result in penalties and fines being assessed by DHCS.

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The Health Insurance Portability and Accountability Act

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

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

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

Premium and Eligibility Reconciliations

Premium payments received by KHS from DHCS are based on eligibility lists generated between DHCS and by county agencies that are responsible for determining Medi-Cal eligibility. In a report issued on October 30, 2018 by the California State Auditor, the report indicated "questionable payments" for many counties throughout California, including Kern County. During the period January 1, 2014 through December 31, 2017 amounts of \$10.4 million relating to Managed Care Premiums and \$2.9 million relating to Fee For Service Payments for a total of \$13.3 million of payments by DHCS were identified for Kern County primarily due to beneficiaries being eligible on the DHCS eligibility system and not being eligible on the county agency eligibility system. During the first quarter of 2020, DHCS recouped approximately \$0.6 million relating to payments previously received by KHS for members that were determined to be deceased by DHCS. This amount was subtracted from KHS' 2019 revenues. There were no significant recoupments during the years ended December 31, 2023 or 2022 for deceased members, but it remains unclear if any additional amounts will be recouped by DHCS from KHS. Accordingly, premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

Bridge Corridor Liability Adjustment

Due to the unprecedented circumstances of the COVID-19 pandemic, DHCS and its contracted actuary determined that a two-sided, symmetrical risk corridor ("Bridge Corridor") would appropriately provide protection for both the State and Medi-Cal managed care plans (MCPs) like KHS. The purpose of the risk corridor is to mitigate potentially significant upward or downward risk associated with COVID-19 that was not determinable at the time of rate development. The Bridge Corridor was retroactive to July 1, 2019 and through December 31, 2020. The Bridge Corridor calculation is subject to the following adjustments:

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

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Expansion Risk Corridor Liability Adjustment

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

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

On April 1, 2019, KHS received notification from CMS that a California Medicaid Managed Care Medical Loss Ratio (MLR) Examination would be performed. The overall purpose of the MLR examinations performed by CMS is to ensure the financial information submitted by the Medicaid managed care plans like KHS and used by DHCS to perform MLR calculations for the newly-eligible Expansion population was consistent with contractual obligations and matches each Medicaid managed care plan's internal data and accounting systems. CMS has engaged a contractor to review and assist with these examinations. The reporting periods under review are January 1, 2014 to June 30, 2015 and July 1, 2015 to June 30, 2016.

This examination has several objectives:

- Determine if the MLR was reasonably represented by Medicaid managed care plans, specifically whether the numerator was accurately reported to DHCS with appropriate documentation and consistent with generally accepted accounting principles;
- Assess if Medicaid managed care plans' provider incentive payments and payments to related party entities were consistent with California's contractual requirements and documented appropriately;
- Focus on Medicaid managed care plans who required multiple re-submissions of their MLR calculations to DHCS to determine the cause of those re-submissions and if the causes of the re-submissions have been corrected;
- Determine and understand what factors are responsible for large variations across Medicaid managed care plans in components of their MLR calculations to ensure that the Medicaid managed care plans have sufficient documentation related to the factors to support the MLR calculations.

As of December 31, 2023, KHS had not received any additional correspondence from CMS or the contractor designated to perform the examinations. It is unknown if there will be any adjustments resulting from the MLR examinations and whether such adjustments would be material.

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

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New Medical Loss Ratio Requirement Beginning January 1, 2024

Effective January 1, 2024, managed care plans like KHS must return funds to DHCS if their medical loss ratio falls below 85%.

Targeted Rate Increases effective January 1, 2024

DHCS has developed primary care, obstetric, and non-specialty mental health services targeted provider rate increases for providers in Medi-Cal effective for dates of service on or after January 1, 2024. These rate increases will apply to eligible providers in the Fee-For-Service delivery system, as well as eligible network providers contracted with Medi-Cal managed care plans. DHCS increased rates, as applicable, for targeted services to be no less than 87.5% of the Medicare rate, inclusive of eliminating AB 97 provider payment reductions and incorporating applicable Proposition 56 supplemental payments into the base rate. The calculation methodologies used to determine the 87.5% of Medicare Rate are quite complex and it is unknown if the rates received in the KHS base rates will be adequate to fund the Targeted Rate Increases to providers. Until the Targeted Rate Increases are implemented, DHCS expects managed care plans to pay the equivalent value of the former Proposition 56 physician services supplemental payments, which ended on December 31, 2023.

Patient Protection and Affordable Care Act

In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transformed the U.S. health-care system and increased regulations within the U.S. health insurance industry. This legislation expanded the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that took effect from 2010 through 2020, with most measures effective in 2014. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2014 to nearly all low-income people under age 65 with income at or below 138% of the federal poverty line. The federal government paid 100% of the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016, 95% in 2017, 94% in 2018, 93% in 2019, 90% in 2020, 95% in 2021, 85% in 2022 and 86% for 2023. For the years ended December 31, 2023 and 2022, KHS served an average of 98,676 and 89,749 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately \$433.9 million and \$365.0 million, respectively.

Note 15. Concentration of Revenue

KHS' operating revenue is primarily derived from the California Department of Health Care Services (DHCS). KHS' current contract term with DHCS is to provide health care services through December 31, 2025 and is subject to cancellation upon DHCS providing at least 60 days written notice and KHS providing at least six months written notice. For the years ended December 31, 2023 and 2022, over 99% of KHS' total operating revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints.

REQUIRED SUPPLEMENTARY INFORMATION

KERN HEALTH SYSTEMS

**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
As of December 31, 2023**

	2023	2022	2021	2020
<i>CalPERS - Miscellaneous Classic Plan- Last 10 Years*</i>				
Proportion of the net pension liability	0.39949%	0.36636%	0.32206%	0.28810%
Proportionate share of the net pension (asset) liability	\$ 12,665,462	\$ 10,218,206	\$ (693,712)	\$ 8,432,377
Covered - employee payroll	\$ 21,502,725	\$ 21,002,601	\$ 20,710,645	\$ 19,428,164
Proportionate share of the net pension liability as a percentage of covered-employee payroll	58.90%	48.65%	-3.35%	43.40%
Plan's fiduciary net position (in thousands)	\$ 17,692,895	\$ 16,770,671	\$ 18,065,792	\$ 14,702,361
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.19%	90.49%	77.71%
KHS' fiduciary net position as a percentage of KHS' total pension liability	86.03%	87.00%	101.08%	88.20%

* Fiscal year 2015 was the first year of implementation, therefore only nine years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for the years ended 2023 through 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

	2019		2018		2017		2016		2015
	0.26415%		0.23579%		0.21146%		0.19046%		0.17122%
\$	7,038,233	\$	5,865,463	\$	6,082,752	\$	4,769,187	\$	3,104,717
\$	19,020,118	\$	17,733,290	\$	17,150,840	\$	17,364,146	\$	9,949,051
	37.00%		33.08%		35.47%		27.47%		31.21%
\$	13,979,687	\$	13,122,440	\$	12,074,500	\$	10,923,476	\$	10,896,036
	77.73%		77.69%		75.39%		75.87%		79.89%
	85.18%		85.27%		82.04%		82.61%		83.03%

KERN HEALTH SYSTEMS

**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
As of December 31, 2023**

	2015
<i>CalPERS - Miscellaneous PEPPRA Plan - Last 10 Years**</i>	
Proportion of the net pension liability	0.00362%
Proportionate share of the net pension (asset) liability	\$ (30,922)
Covered - employee payroll	\$ 6,909,343
Proportionate share of the net pension liability as a percentage of covered-employee payroll	-0.45%
Plan's fiduciary net position (in thousands)	\$ 10,639,461
Plan fiduciary net position as a percentage of the total pension liability	79.89%
KHS' fiduciary net position as a percentage of KHS' total pension liability	83.03%

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

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS

Year Ended December 31, 2023

	2023	2022	2021	2020
CalPERS - Miscellaneous Classic Plan - Last 10 Years*				
Contractually required contribution (actuarially determined)	\$ 4,036,369	\$ 3,516,567	\$ 2,951,981	\$ 2,536,160
Contributions in relation to the actuarially determined contributions	4,036,369	3,516,567	2,951,981	2,536,160
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 21,502,725	\$ 21,002,601	\$ 20,710,645	\$ 19,428,164
Contributions as a percentage of covered-employee payroll	18.77%	16.74%	14.25%	13.05%

Notes to Schedule

Valuation date: June 30, 2022 June 30, 2021 June 30, 2020 June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal Cost Method			
	Level percentage of assumed future payrolls			
Amortization method	21 years	22 years	23 years	24 years
Remaining amortization period				
Asset valuation method	5-year smoothed market			
Inflation	2.30%	2.30%	2.50%	2.50%
Salary increases	2.80%	2.55%	2.75%	2.75%
Investment rate of return (a)	6.90%	6.90%	7.00%	7.15%
Retirement age	50 years and 5 years of service			
Mortality	(b)	(b)	(c)	(c)

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

(b) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries.

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

* Fiscal year 2015 was the first year of implementation, therefore only nine years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for the years ended 2023 through 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

KHS Finance Committee Meeting, April 12, 2024

2019	2018	2017	2016	2015
\$ 2,074,974	\$ 1,822,052	\$ 1,625,952	\$ 1,314,297	\$ 841,252
2,074,974	1,822,052	1,625,952	1,314,297	841,252
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,020,118	\$ 17,733,690	\$ 17,150,940	\$ 17,364,146	\$ 9,949,051
10.91%	10.27%	9.48%	7.57%	8.46%
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Entry-Age Normal Cost Method				
Level percentage of assumed future payrolls				
25 years	26 years	27 years	28 years	29 years
5-year smoothed market				
2.50%	2.50%	2.75%	2.75%	2.75%
2.75%	2.75%	3.00%	3.00%	3.00%
7.15%	7.15%	7.15%	7.65%	7.50%
50 years and 5 years of service				
(c)	(c)	(c)	(c)	(c)

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS

Year Ended December 31, 2023

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

Notes to Schedule

Valuation date: June 30, 2014

Methods and assumptions used to determine contribution rates:

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

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

OTHER INDEPENDENT AUDITOR'S REPORT



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SHANNON M. WEBSTER

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

Board of Directors
Kern Health Systems
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of **Kern Health Systems**, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise **Kern Health Systems’** basic financial statements, and have issued our report thereon dated April 3, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
April 3, 2024

KERN HEALTH SYSTEMS

Report to the Finance Committee
April 3, 2024





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Finance Committee
Kern Health Systems

Attention: Ross Elliot, Finance Committee Chair

We are pleased to present this report related to our audit of the financial statements **Kern Health Systems** for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **Kern Health Systems'** financial reporting process.

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

Daniells Phillips Vaughan & Bock

April 3, 2024

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Required Communications

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

Area	Comments
Our Responsibilities with regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated December 15, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates".</p>

Area	Comments
Audit Adjustments	There were no audit adjustments proposed by us to be recorded by Kern Health Systems .
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements".
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Letter Communicating Deficiencies in Internal Control over Financial Reporting	We have separately communicated deficiencies in internal control over financial reporting to management identified during our audit of the financial statements, and this communication is attached as Exhibit A.
Certain Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and management of the Organization, including the representation letter provided to us by management, are attached as Exhibit B.

KERN HEALTH SYSTEMS

Summary of Significant Accounting Estimates Year Ended December 31, 2023

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization's December 31, 2023, financial statements:

Estimate	Accounting Policy	Basis for Our Conclusions on Reasonableness of Estimate
Estimated claims payable	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Provider performance quality incentive liabilities	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Incurred but not reported claims	Estimates are based on historical information for total claims received and paid	Estimate is in accordance with accounting principles generally accepted in the United States of America
Net pension liability	Estimate is based on actuarial reports provided by CalPERS	Estimate is in accordance with accounting principles generally accepted in the United States of America
Expansion, enhanced care management and bridge risk corridor liabilities	Estimates are based on management's best estimate of medical loss ratio	Estimate is in accordance with accounting principles generally accepted in the United States of America

KERN HEALTH SYSTEMS

**Summary of Uncorrected Misstatements
Year Ended December 31, 2023**

During the course of our audit, we accumulated an uncorrected misstatement that was determined by management to be immaterial to the financial position, results of operations, cash flows and related financial statement disclosures. Following is a summary of those differences.

Management has represented that they concluded the misstatement was immaterial to the financial statements through their own internal analysis and research performed related to the implementation of the new Governmental Accounting Standards Board (GASB) 96 statement regarding the recording of software subscription licenses. Management intends to implement GASB 96 during calendar year 2024.

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Income	Expenses
To record the right-of-use-asset and corresponding liability at 12.31.2023 regarding subscription licenses as required by GASB 96	\$ 6,799,897	\$ 6,799,897	\$ -	\$ -	\$ -

Exhibit A
Letter Communicating Deficiencies in Internal Control over
Financial Reporting



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SHANNON M. WEBSTER

To the Board of Directors and Management
Kern Health Systems
Bakersfield, California

In planning and performing our audit of the financial statements of **Kern Health Systems** (the Organization) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Cash Disbursements

Two of thirty cash disbursement transactions lacked evidence of documented review and approval. Both transactions did not contain the required two signatures on the approved invoice list as required for transactions in excess of \$50,000, specifically, the lack of a second signature evidencing proper and complete review as required by the Organization's internal control policies and procedures. The Organization should review and adhere to its current internal control policies and procedures regarding the documentation of proper and complete review and approval of transactions.

Management's Response

The Organization requires two signatures from Accounting Department Management, indicating review, on the check request form of administrative transactions in excess of \$50,000 prior to checks being presented to executives for signatures. The documentation saved for two of the transactions sampled did not contain evidence of a second review signature for items over \$50,000 as it was inadvertently missing from our scanned files. Though the Accounting Department has mitigating controls in place to identify unauthorized purchases, such as executive review and signature on all checks, the Organization has since implemented a secondary monthly review process to ensure appropriate documentation is present in our electronic files to support weekly administrative payments transactions and demonstrate compliance with our internal control processes.

Credit Card Statement Review

In our review of credit card statements for the two months tested, we noted no documentation of the review and approval of the respective credit card statements. Though the majority of credit card transactions must have a purchase order prior to the purchase and therefore already have inherent approval, the lack of documented review over the credit card statements could result in unauthorized uses of credit cards. Additionally, the Organization has a function whereby the Accounting Manager reviews the credit card statements for propriety, however, there was no documented evidence of this review. The Organization should establish controls whereby the review and approval of the credit card statements are evidenced by a signature of the reviewer. This will further safeguard against unauthorized or inappropriate credit card purchases and improve controls over credit card users and transactions.

Management's Response

Department Management is responsible for the review of credit card transactions included in the monthly statements. Accounting Department Management matches each credit card transaction to approved purchase orders and verifies no unauthorized charges were present. The Organization has since implemented additional procedures and now requires two signatures included on the electronic transaction forms demonstrating this process of review has taken place.

This letter is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Daniells Phillips Vaughan & Bock

Bakersfield, California
April 3, 2024

Exhibit B
Representation Letter



April 3, 2024

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

This representation letter is provided in connection with your audits of the basic financial statements of **Kern Health Systems** (the Organization) as of December 31, 2023 and 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP)

We confirm, to the best of our knowledge and belief, that as of April 3, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 15, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to determine incurred but not reported claim liability, net pension liability, as well as the deferred outflows and deferred inflows of resources are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Organization. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.
6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

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7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
10. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
13. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
14. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
16. In the audit engagement letter dated December 15, 2023, we requested that perform the following accounting services in connection with your audit:
 - a. Draft the financial statements;
 - b. Proposing adjusting journal entries; and
 - c. Provide guidance on new authoritative pronouncements.With respect to these services:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
17. Management is responsible for making the accounting estimates included in the financial statements. Those estimates reflect management's judgment based on knowledge and experience about past and current events and assumptions about conditions management expects to exist and course of action they expect to take. These include:

- a. Estimated adjustments to revenue, such as retroactive adjustments by the Department of Health Care Services;
 - b. Obligations related to third-party payer contracts, including risk sharing and contractual settlements;
 - c. Audit and other adjustments by the Department of Health Care Services;
 - d. Obligations related to providing future services under prepaid health care service contracts;
 - e. Medical malpractice obligations expected to be incurred with respect to services provided through December 31, 2023.
18. Data submitted to the Department of Health Care Services complies in all respects with applicable coding principles and laws and regulations (including those dealing with Medicare antifraud and abuse), and only reflect charges for services that were medically necessary, properly approved by regulatory bodies and properly rendered.
19. With respect to reports submitted to the Department of Health Care Services:
- a. All required Medi-Care and similar reports have been filed;
 - b. Management is responsible for the accuracy and propriety of all reports filed;
 - c. All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated;
 - d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations;
 - e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
 - f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the report;
 - g. Recorded settlements include differences between filed (and to be filed) reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate;
 - h. The specialist used by management in preparing medical services payable estimates and reserves had a sufficient level of competence and experience in cost reporting. Management recognizes responsibility for estimated settlement amounts and balances and, that all such amounts are fairly presented.
20. In addition, we believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining the IBNR accrual are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Organization's actuary.
21. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

- 22. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
- 23. We have reviewed the GASB Statements effective for the fiscal year ending December 31, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- 24. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2023, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Income	Expenses
To record the right-of-use-asset and corresponding liability at 12.31.2023 regarding subscription licenses as required by GASB 96	\$ 6,799,897	\$ 6,799,897	\$ -	\$ -	\$ -

- 25. We have requested an unsecured electronic copy of the auditor's report and basic financial statements and agree that the auditor's report and basic financial statements will not be modified in any manner.

Information Provided

- 26. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the Organization's basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audits.
 - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the board of directors, finance committee, and management, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 27. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
- 28. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

29. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
30. We have no knowledge of allegations of fraud or suspected fraud affecting the Organization's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the Organization's financial statements.
31. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's primary government basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
32. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
33. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
34. We have disclosed to you the identity of all of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
35. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.
36. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
37. We agree with the findings of the specialists in evaluating the incurred but not reported claim liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
38. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
39. The following have been made available to you:
 - e. Contracts with all significant third-party party payers or other providers;
 - f. Reports of regulatory examinations that are currently in process. Management is not aware of any allegations of noncompliance that should be considered for disclosure or as a basis for recording a loss contingency.

- 40. There are no:
 - a. Violations or possible violations of laws or regulations, such as those related to the Medi-Care and Medi-Caid antifraud and abuse statutes, including but not limited to the Medi-Care and Medi-Caid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to the Medi-Care and Medicaid antifraud and abuse statutes, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
- 41. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

- 42. With respect to the management's discussion and analysis, schedules of proportionate share of the net pension liability and schedules of pension contributions presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:
 - c. We acknowledge our responsibility for the presentation of such required supplementary information.
 - d. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - e. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 43. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 44. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 45. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 46. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 47. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 48. Has a process to track the status of audit findings and recommendations.

49. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
50. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Kern Health Systems

 CFO

Emily Duran, Chief Executive Officer

 CFO

Robert Landis, Chief Financial Officer



MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Richard Pruitt, Chief Information Officer
SUBJECT: Outpatient Clinical Utilization Management Resource Services
DATE: April 12, 2024

Background

In response to the evolving healthcare landscape dictated by the State of California, Kern Health Systems (KHS) is committed to embracing the diversity of new programs and innovative operational models. Recognizing the ongoing staffing challenges in Kern County within our industry, KHS is dedicated to establishing a partnership with the selected Outpatient Clinical Utilization Management Resource Services vendor. This partnership will focus on expanding KHS operational capabilities through a service model for the Outpatient Utilization Management team. Our goal is to ensure sustainable, efficient, high-quality healthcare delivery that aligns with the dynamic needs and expectations of our community providers and contractual agreements.

Discussion

KHS' Executive Management is requesting that Outpatient Clinical Utilization Management Resource Services be provided by AllMed Healthcare Management, LLC for a three (3) year term. This partnership will support NCQA/Medicare guidelines, ensuring patient care is optimal. Our efforts to improve access to nursing and medical staff aim to address staffing ratio challenges, reduce turnover, and stabilize recruitment. Although KHS currently does not have specialty peer-to-peer review, we are focused on enhancing authorization expertise and consistency in policies and procedures. This partnership offers a comprehensive suite of services to dynamically adjust to volume increases.

Financial Impact

Cost for a three (3) year term not to exceed \$19,076,145 in budgeted expenses.

Requested Action

Approve; Refer to KHS Board of Directors.

Outpatient Clinical Utilization Management Resource Services

Richard Pruitt, CIO
Representing RFP Selection Committee
April 12, 2024



Agenda

- Overview
- Sequence of Events
- Operational Strategy
- Current / Future Model
- RFP Committee / Examples of Selection Criteria
- Benefits of New Vendor
- Cost Assessment
- Selection Matrix
- Board Request



Overview

In response to the evolving healthcare landscape dictated by the State of California, Kern Health Systems (KHS) is committed to embracing the diversity of new programs and innovative operational models. Recognizing the ongoing staffing challenges in Kern County within our industry, KHS is dedicated to establishing a partnership with the selected Outpatient Clinical Utilization Management Resource Services vendor. This partnership will focus on expanding KHS' operational capabilities through a service model for the Outpatient Utilization Management team. Our goal is to ensure sustainable, efficient, high-quality healthcare delivery that aligns with the dynamic needs and expectations of our community providers and contractual agreements.



Sequence of Events

- October 2023 – Developed Operational Strategy
- November 2023 – Finalized Strategy /Draft RFP
- December 2023 – Posted RFP
- January 2024 – RFP Proposals Due
- April 2024 – Board Presentation and Request for Approval
- TBD – Project Kick Off (April 2024)
- TBD – Go Live (July 2024)

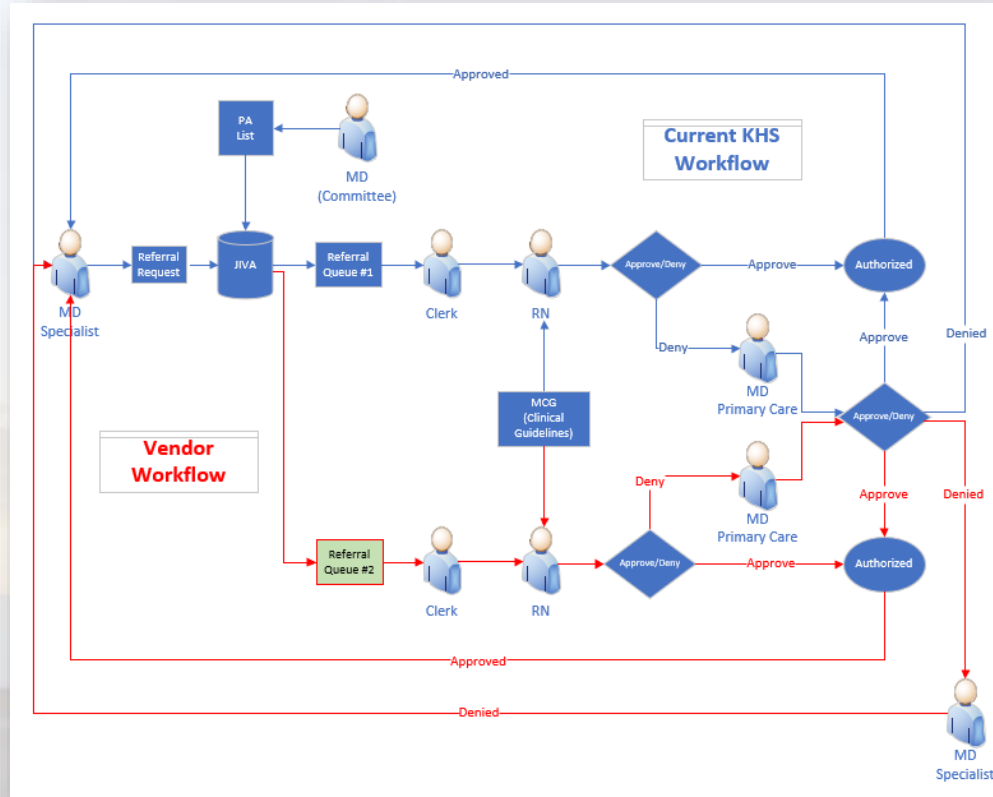


Operational Strategy

- **Modified Prior Authorization Lists**
 - Refined and updated the current prior authorization list
 - List contains all codes that require prior authorization
- **Technology Integration Enhancements**
 - Integration of Clinical Guidelines (MCG) with Medical Management System (JIVA)
 - Goal to streamline manual prior authorization review
- **Contract with Clinical Utilization Management Resource Services**
 - Outpatient services
 - Three (3) year contract



Current/Future Model



RFP Committee

- Chief Medical Officer, Medical Directors (2), Chief Compliance Officer, Chief Operations Officer, Chief Information Officer, Chief Financial Officer
- Received Seven (7) RFP's and Narrowed to Three (3) Vendors
- Developed Clinical, Operations, Security, and Technical Selection Criteria
- Reviewed and Interviewed RFP and Systems with Vendors
- Created Final Recommendation



Examples of Selection Criteria

- Requires Medi-Cal/MCG Clinical Guidelines for Criteria
- Adherence to NCQA Standards
- Use KHS Policies and Procedures
- Zero Provider Disruption
- All Resources Must be US-Based
- Workforce Must Hold a Current Medical License in California
- Minimal Cyber Security risk



Benefits of New Vendor

- **Maintain Compliance & Quality Standards**
 - Urgent 72 Hours / Routine 5 Days
 - Realign FTE's to delegation oversight in support of NCQA/Medicare and to fill budgeted open positions within KHS
- **Improved and Expedited Access to Nursing and Medical Staff**
 - Persistent challenges in achieving optimal staffing ratios
 - Decrease turnover costs and stabilizes recruitment efforts
- **Specialty to Specialty Peer Review**
 - Expertise in authorization and Peer-to-Peer reviews.
 - KHS currently does not offer Specialty Peer-to-Peer review.
- **Consistency in Policies and Procedures**
- **Ability to Adjust to Increases in Volume Dynamically**
- **Partnership with a Vendor that Offers a Wide Range of Additional Services**
 - Inpatient Utilization Management Services
 - RN Weekend On Call Services



Cost Assessment

VENDOR	Year ¹	Dates	Volume	RN Review Case Rate 100%		MD Review Case Rate ^{3,4} 20%		Appeals 10% of MD Review (Includes Specialty Review)		Grand Total	
	$\frac{1}{30\%}$	7/24 - 6/25	56,888	\$	40.50	\$ 2,303,944	\$	74.70	\$ 389,111	\$ 234.70	\$ 606,800
$\frac{2}{60\%}$	7/25 - 6/26	119,464	\$	40.50	\$ 4,838,282	\$	74.70	\$ 817,132	\$ 234.70	\$ 606,800	\$ 6,262,214
$\frac{3}{90\%}$	7/26 - 6/27	188,155	\$	40.50	\$ 7,620,294	\$	74.70	\$ 1,286,983	\$ 234.70	\$ 606,800	\$ 9,514,077
										\$1,820,400	\$19,076,145⁵

KHS	Year ¹	Dates	Volume	RN Review Case Rate ² 100%		MD Review Case Rate ^{2,3,4} 20%		Appeals ² 10% of MD Review (MD Reviewer-to-Ordering Provider review)		Total Cost	
	$\frac{1}{30\%}$	7/24 - 6/25	56,888	\$	28.68	\$ 1,631,534	\$	86.37	\$ 656,394	\$ 131.37	\$ 170,663
$\frac{2}{60\%}$	7/25 - 6/26	119,464	\$	29.83	\$ 3,563,269	\$	89.83	\$ 1,433,565	\$ 136.63	\$ 177,489	\$ 5,174,323
$\frac{3}{90\%}$	7/26 - 6/27	188,155	\$	31.02	\$ 5,836,635	\$	91.02	\$ 2,257,865	\$ 142.09	\$ 193,691	\$ 8,288,190
										\$541,842	\$15,921,104

Outpatient Authorization Volume Assumptions:

1. % of delegated annual cases (assumes 5% annual increase in volume)
2. KHS rates assume 4% annual salary increase
3. Medical Director Reviewer-to-Ordering Provider discussion of denial is included in MD Review Case Rate cost
4. MD Review Case is RN Review + MD Case Rate
5. Does not include any reduction of medical expenses from reduced utilization of services



Selection Matrix

	Weight	Vendor 1	Vendor 2	Vendor 3	Vendor 4
Market	10%	3	3	2	2
Price	20%	3	1	2	4
Company	10%	4	2	4	3
Clinical	45%	4	3	2	3
Technical	15%	4	4	4	4
TOTAL		18	13	14	16

0 = Does not Meet RFP Requirements
 1 = Meets Some RFP Requirements
 2 = Meets RFP Minimum Requirements
 3 = Meets More than RFP Minimum Requirements
 4 = Exceeds RFP Minimum Requirements



Board of Directors Request

Authorize the CEO to sign a three (3) year contract with AllMed Healthcare Management, LLC to implement and perform KHS Outpatient Clinical Utilization Management Resource Services for an amount not to exceed \$19,076,145 in medical operating expenses.



You + Us = a better day!

Questions

Please contact:

Richard M. Pruitt
Chief Information Officer
661-664-5078
richard.pruitt@khs-net.com





MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Robin Dow-Morales, Senior Claims Director
SUBJECT: Optum Prospective Payment System
DATE: April 12, 2024

Background

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

Outpatient Prospective Payment System (OPPS) identifies payment methodologies for Outpatient Facility claims, which consists of Ambulatory Payment Classification (APC) for Hospitals and an Ambulatory Surgical Center Payment System (ASC) for Ambulatory Surgical Centers.

Discussion

KHS has moved most of its hospital contracts to DRG type methodology which encompasses MS-DRG(Medicare), APR-DRG(Med-Cal), and/or OPPS pricing. This tool prices hospital claims accurately based on contractual platform, as well as adheres to DHCS Contract requirements to pay certain hospital services such as Major Organ Transplants and Non-Participating Provider authorized claims. More than 80% of Inpatient claims are paid based on an APR-DRG methodology and more than 70% of Surgery Center Claims Auto Adjudicate based on OPPS Pricing.

Financial Impact

Cost for a five (5) year term not to exceed \$3,411,038 in budgeted expenses.

Requested Action

Approve; Refer to KHS Board of Directors.

Claim Facility Pricing Tools

Robin Dow-Morales, Senior Claims Director
Optum Prospective Payment System Software (PPS)

April 12, 2024



Agenda

- Background/Purpose
- System Function/Design
- Effectiveness
- Expenditure
- Board Request

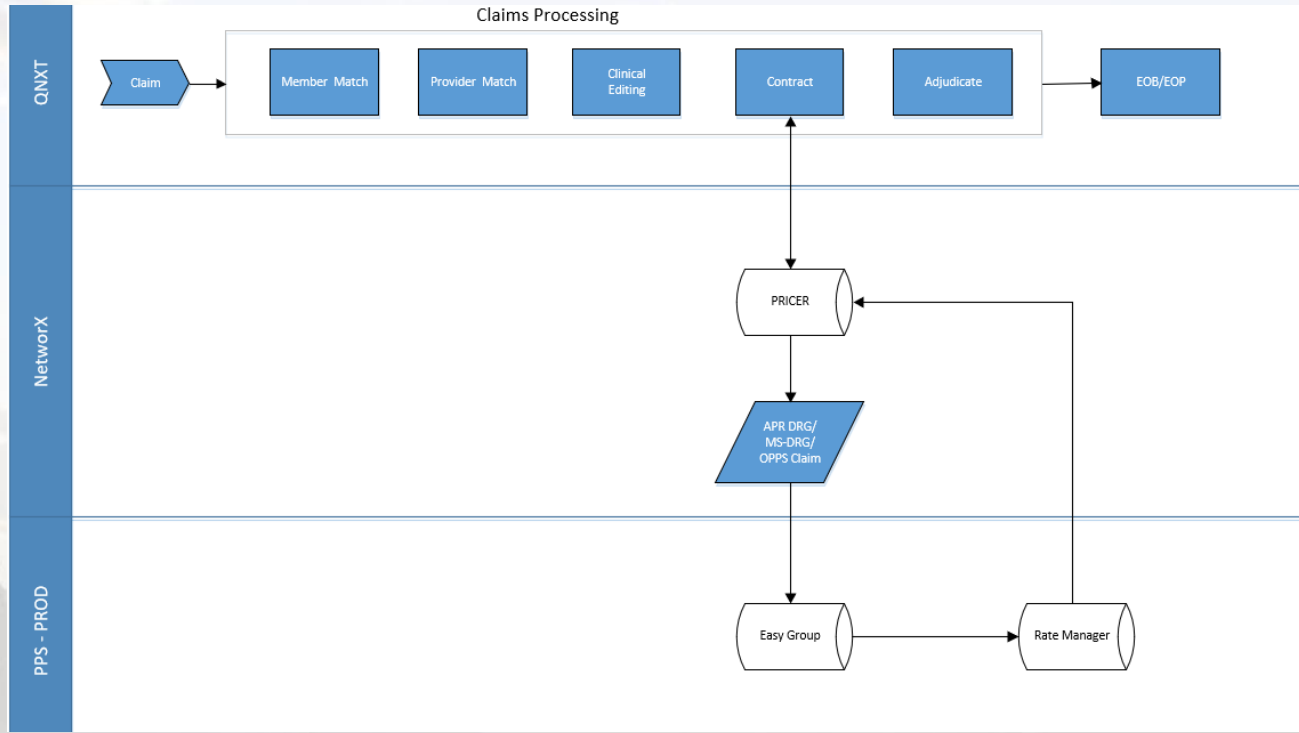


Background

- KHS uses the Optum Prospective Payment System (PPS) in tandem with the QNXT claims processing system and NetworX Pricer system to group and price hospital claims.
- Optum is the only vendor that integrates with QNXT; and is managed onsite through a monthly download process. Optum will not have access to KHS systems, nor does KHS interface with Optum's systems.
- KHS has moved most of its hospital contracts to DRG type methodology which encompasses MS-DRG(Medicare), APR-DRG(Med-Cal), and/or OPPTS pricing(Outpatient Prospective Payment System[APC and ASC]). This tool prices hospital claims accurately based on contractual platform, as well as adheres to DHCS Contract requirements to pay certain hospital services such as Major Organ Transplants and Non-Participating Provider authorized claims.
- Contributes to the Auto Adjudication that KHS leverages to reduce manual processing by staff and helps to keep provider disputes at a minimum due to accuracy of the application of the payment methodology.



System Design/Function



Effectiveness

Year	Total Inpatient Claims	Claims with APR-DRG Pricing	% of Claims with APR-DRG Pricing	Claims with APR-DRG Pricing Auto A	% of claim with APR-DRG Auto Adjudication
2019	16,019	5,216	33%	1,095	21%
2020	18,499	5,790	31%	873	15%
2021	21,086	13,495	64%	3,563	26%
2022	22,086	15,865	72%	4,280	27%
2023	25,440	21,001	83%	6,402	30%

Year	Total Surgery Center Claims	Surgery Center Claims AA	% of Surgery Center Claims AA
2019	21,003	9,017	43%
2020	22,879	11,871	52%
2021	27,716	16,685	60%
2022	29,918	19,789	66%
2023	35,443	24,866	70%

Year	Total Medicare OP Claims Requiring OPPS Pricing
2019	n/a
2020	n/a
2021	53
2022	635
2023	4,796



New Contract (2024-2029)

Optum							Quote Date:
Kern Health System - PPS Client Quote							<u>3/25/2024</u>
							Quote Expiration:
							<u>6/23/2024</u>
Product	Covered Lives	05/01/24 -	05/01/25 -	05/01/26 -	05/01/27 -	05/01/28 -	Total
		04/30/25	04/30/26	04/30/27	04/30/28	04/30/29	
PPS Implementation		\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Payment Systems:							
<i>Medicare:</i>							
Inpatient Payment System	3,000	\$ 30,610	\$ 31,528	\$ 32,474	\$ 33,448	\$ 34,451	\$ 162,511
Outpatient Payment System	3,000	\$ 30,610	\$ 31,528	\$ 32,474	\$ 33,448	\$ 34,451	\$ 162,511
Ambulatory Surgery Centers (ASC)	3,000	\$ 25,756	\$ 26,529	\$ 27,325	\$ 28,145	\$ 28,989	\$ 136,744
<i>Medicaid:</i>							
California Medicaid APR-DRG (3M - payer specific)	375,000	\$ 388,755	\$ 400,418	\$ 412,431	\$ 424,804	\$ 437,548	\$ 2,063,956
3M Royalty - California APR-DRG	375,000	\$ 111,656	\$ 117,239	\$ 123,101	\$ 129,256	\$ 135,719	\$ 616,971
<i>Optum-Hosted PSI:</i>							
Hosting, Infrastructure, & Maintenance	N/A	\$ 43,010	\$ 44,300	\$ 45,629	\$ 46,998	\$ 48,408	\$ 228,345
TOTAL		\$670,397	\$651,542	\$673,434	\$696,099	\$ 719,566	\$ 3,411,038

Financial Notes:

- This proposal is for illustrative purposes only. This document is not legally binding. The executed Product Schedule and/or amendment will prevail.
- Client quote is valid for 90 days.
- Pricing is subject to change if product mix, covered lives, or term is adjusted.
- Pricing is for EASYGroup - C and PSIOptum-Hosted Analytics/Modelling on the TriZetto - Facets/NetworX platform.
- Implementation quote assumes 2 environments for EASYGroup and 2 environments for PSI.
- 3M Royalties include a 5% annual escalator.
- Fees for each payment system will increase annually at the higher of 3% or the Employment Cost Index: Management, professional and related occupations, Private industry (as published by the Bureau of Labor Statistics).



Contract Pricing Comparison to Last Contract

	Current Contract Yr 5	New Contract Yr 1	New Contract Yr 2	New Contract Yr 3	New Contract Yr 4	New Contract Yr 5
APR-DRG/MS-DRG, OPSS	\$410,543.00	\$670,397(a)	\$651,542	\$673,434	\$696,099	\$719,566
Membership change	255,000	378,000	378,000	378,000	378,000	378,000
Averages PMPY for comparison purposes	\$1.61	\$1.77(a)	\$1.72	\$1.78	\$1.840	\$1.90

(a) Includes \$40,000 of Implementation Costs



Board of Directors Request

Authorize the CEO to approve the renewal of the Optum Claims Editing System (CES) contract in the amount not to exceed **\$3,411,038** in operating expense for a five (5) year term.



You + Us = a better day!

Questions

Please contact:

Robin Dow-Morales
Senior Claims Director
(661) 617-2598
Robin.Dow-Morales@khs-net.com





MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Robert Landis, Chief Financial Officer
SUBJECT: December 2023 Financial Results
DATE: April 12, 2024

The December results reflect a \$32,910,438 Net Decrease in Net Position which is a \$32,421,853 unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$334.2 million favorable variance primarily due to:
 - A) \$375.8 million favorable variance in Premium-MCO Tax due to an agreement between CMS and DHCS signed in December 2023 reinstating the MCO Tax for the period April 1, 2023 - December 31, 2023 offset against amounts included under the MCO Tax Expense line item on the Income Statement.
(The MCO tax is used as a mechanism to generate new state funds that can be used to match with federal funds to bring additional federal dollars for Medi-Cal related programs).
 - B) \$21.6 million unfavorable variance due to a “Population Acuity Adjustment Update” e-mail received by KHS from DHCS on February 2, 2024. Please note that all health plans received a similar e-mail. KHS’ adjustment equated to a 2% adjustment compared to a statewide average of 1.7%. In summary the email stated:
“The original CY 2023 adjustment was conservative in the health plans’ favor, due to uncertainty on the actual acuity differential of members who would have otherwise disenrolled. More recent analyses have demonstrated a larger differential than was originally assumed in the CY 2023 rates. We note that Mercer is not intending to fully update the acuity assumptions produced by the more recent analyses (and used in the CY 2024 capitation rates). Rather Mercer will utilize a blend of the original and updated analyses to inform the update. DHCS/Mercer are monitoring the health plans’ financials across CY 2023 based on quarterly financial reporting (Q1-Q3 for now). This reporting is showing strong positive profit margins. For our purposes, this adds further context and support for recognizing that surplus “leavers” are lower acuity, driving down average PMPM costs for the health plans.”

- C) \$2.6 million favorable variance in Investment Earnings and Other Income primarily due from higher than forecasted interest rates being earned on the investment portfolio.
 - D) \$26.3 million unfavorable variance in Rate Adjustments-Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2022 from DHCS in January 2024 offset against amounts included in 2E below.
- 2) Total Medical Costs reflect a \$11.2 million favorable variance primarily due to:
- A) \$2.0 million favorable variance in Physician Services primarily due to lower-than-expected utilization over the last several months for Family Members.
 - B) \$7.2 million unfavorable variance in Inpatient primarily due from unfavorable utilization from the June 30, 2023 Milliman Actuary Review liability estimate of \$6.1 million and approximately \$1.1 million due to higher-than-expected utilization along with hospital rate increases over the last several months.
 - C) \$5.8 million unfavorable variance in Outpatient Hospital primarily due from unfavorable utilization from the June 30, 2023 Milliman Actuary Review liability estimate of \$2.6 million and approximately \$3.2 million primarily due to higher-than-expected utilization along with rate increases over the last several months.
 - D) \$2.1 million unfavorable variance in Other Medical primarily from:
 - 1) \$1.7 million unfavorable variance in Ambulance and Non-emergency Medical Transportation (“NEMT”) due to higher-than-expected utilization of NEMT services over the last several months by our members.
 - 2) \$4.3 million favorable variance in Long Term Care expense primarily due from favorable utilization from the June 30, 2023 Milliman Actuary Review liability estimate.
 - 3) \$0.7 million unfavorable variance in Enhanced Case Management primarily due to better-than-expected outcome performance measures paid to our ECM providers.
 - 4) \$3.6 million unfavorable variance in CalAim Incentive Programs due to timing differences of receiving provider invoices.
 - E) \$26.3 million favorable variance in Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2021 from DHCS in January 2024 offset against amounts included in 1D above.
 - F) \$1.6 million unfavorable variance in Non-Claims Expense Adjustment primarily from adjustments made by DHCS relating to the Proposition 56 risk corridor for the period July 1, 2019 -December 31, 2020.

3) Total Administrative Expenses reflect a \$1.6 million unfavorable variance primarily due to:

- A) \$1.6 million unfavorable variance in Administrative Expense Adjustment relating to the CalPERS Net Pension True-up Adjustment for the period July 1, 2022 to June 30, 2023 required under GASB 68 (\$1.0 million); and an increase in the Allowance for Claims Processing Expense which is a statutory requirement (\$.6 million).

The December Medical Loss Ratio is 127.7% which is unfavorable to the 92.9 % budgeted amount for the reasons described in items 1 & 2 above. The December Administrative Expense Ratio is 10.3% which is unfavorable to the 7.0% budgeted amount for the reasons described in item 3 above.

The results for the 12 months ended December 31, 2023 reflects a Net Increase in Net Position of \$61,432,068. This is a \$67,196,549 favorable variance to budget and includes approximately \$17.9 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 87.7% which is favorable to the 92.9% budgeted amount. The year-to-date Administrative Expense Ratio is 7.0% which is slightly unfavorable to the 6.9% budgeted amount.

**Kern Health Systems
Financial Packet
December 2023**

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 4-5
Statement of Revenue, Expenses, and Changes in Net Position by Month - PMPM	Page 6-7
Schedule of Revenues	Page 8
Schedule of Medical Costs	Page 9
Schedule of Medical Costs - PMPM	Page 10
Schedule of Medical Costs by Month	Page 11-12
Schedule of Medical Costs by Month – PMPM	Page 13-14
Schedule of Administrative Expenses by Department	Page 15
Schedule of Administrative Expenses by Department by Month	Page 16-17

KHS Group Health Plan – Healthy Families Line of Business

Comparative Statement of Net Position	Page 18
Statement of Revenue, Expenses, and Changes in Net Position	Page 19

KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 20
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF DECEMBER 31, 2023			
ASSETS	DECEMBER 2023	NOVEMBER 2023	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 115,782,242	\$ 154,655,404	\$ (38,873,162)
Short-Term Investments	406,068,694	335,398,973	70,669,721
Premiums Receivable - Net	436,374,866	105,258,688	331,116,178
Premiums Receivable - Hospital Direct Payments	462,027,514	466,676,049	(4,648,535)
Interest Receivable	413,845	246,011	167,834
Provider Advance Payment	544,248	600,309	(56,061)
Other Receivables	1,301,397	1,093,786	207,611
Prepaid Expenses & Other Current Assets	6,561,514	6,847,848	(286,334)
Total Current Assets	\$ 1,429,074,320	\$ 1,070,777,068	\$ 358,297,252
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,017,404	1,073,216	(55,812)
Computer Hardware and Software - Net	18,637,824	18,203,902	433,922
Building and Building Improvements - Net	33,101,870	33,178,692	(76,822)
Capital Projects in Progress	2,295,294	3,172,786	(877,492)
Total Capital Assets	\$ 59,143,098	\$ 59,719,302	\$ (576,204)
LONG TERM ASSETS:			
Restricted Investments	300,000	300,000	-
Officer Life Insurance Receivables	1,653,788	1,602,024	51,764
Total Long Term Assets	\$ 1,953,788	\$ 1,902,024	\$ 51,764
DEFERRED OUTFLOWS OF RESOURCES	\$ 8,425,634	\$ 8,886,257	\$ (460,623)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,498,596,840	\$ 1,141,284,651	\$ 357,312,189
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accrued Salaries and Employee Benefits	\$ 5,609,620	\$ 5,498,052	111,568
Accrued Other Operating Expenses	5,966,734	5,780,331	186,403
Accrued Taxes and Licenses	376,495,887	-	376,495,887
Claims Payable (Reported)	18,170,423	17,431,722	738,701
IBNR - Inpatient Claims	67,512,855	61,245,072	6,267,783
IBNR - Physician Claims	20,579,692	20,023,139	556,553
IBNR - Accrued Other Medical	35,468,070	28,882,708	6,585,362
Risk Pool and Withholds Payable	6,253,771	5,730,689	523,082
Statutory Allowance for Claims Processing Expense	3,776,682	3,195,869	580,813
Other Liabilities	103,723,449	101,411,211	2,312,238
Accrued Hospital Directed Payments	462,027,513	466,738,264	(4,710,751)
Total Current Liabilities	\$ 1,105,584,696	\$ 715,937,057	\$ 389,647,639
NONCURRENT LIABILITIES:			
Net Pension Liability	12,665,462	12,018,206	647,256
TOTAL NONCURRENT LIABILITIES	\$ 12,665,462	\$ 12,018,206	\$ 647,256
DEFERRED INFLOWS OF RESOURCES	\$ 158,303	\$ 230,571	\$ (72,268)
NET POSITION:			
Net Position - Beg. of Year	318,756,311	318,756,311	-
Increase (Decrease) in Net Position - Current Year	61,432,068	94,342,506	(32,910,438)
Total Net Position	\$ 380,188,379	\$ 413,098,817	\$ (32,910,438)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,498,596,840	\$ 1,141,284,651	\$ 357,312,189

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2023			YEAR-TO-DATE MEMBER MONTHS		
						ACTUAL	BUDGET	VARIANCE
209,502	209,600	(98)	Family Members	2,537,268	2,551,100	(13,832)		
96,647	90,900	5,747	Expansion Members	1,184,117	1,119,400	64,717		
19,044	17,400	1,644	SPD Members	220,960	212,900	8,060		
456	650	(194)	LTC Members	4,522	6,150	(1,628)		
23,072	23,700	(628)	Other Members	254,909	269,400	(14,491)		
15,226	14,000	1,226	Kaiser Members	186,108	168,000	18,108		
363,947	356,250	7,697	Total Members - MCAL	4,387,884	4,326,950	60,934		
			REVENUES					
31,950,410	42,452,432	(10,502,022)	Title XIX - Medicaid - Family and Other	501,903,375	512,578,036	(10,674,661)		
24,978,895	33,363,262	(8,384,367)	Title XIX - Medicaid - Expansion Members	433,907,548	410,814,753	23,092,795		
20,323,529	19,891,129	432,400	Title XIX - Medicaid - SPD Members	232,629,848	243,380,542	(10,750,694)		
3,471,936	4,566,444	(1,094,508)	Title XIX - Medicaid - LTC Members	33,811,426	43,362,864	(9,551,438)		
375,849,146	-	375,849,146	Premium - MCO Tax	375,849,146	-	375,849,146		
21,621,168	20,518,406	1,102,762	Premium - Hospital Directed Payments	259,574,363	251,186,273	8,388,090		
3,055,067	426,727	2,628,340	Investment Earnings And Other Income	21,105,981	5,158,950	15,947,031		
-	75,407	(75,407)	Reinsurance Recoveries	-	916,322	(916,322)		
(26,269,704)	-	(26,269,704)	Rate Adjustments - Hospital Directed Payments	(26,281,856)	-	(26,281,856)		
494,645	-	494,645	Rate/Income Adjustments	5,872,277	-	5,872,277		
455,475,092	121,293,807	334,181,285	TOTAL REVENUES	1,838,372,108	1,467,397,740	370,974,368		
			EXPENSES					
			Medical Costs:					
19,159,973	21,134,251	1,974,278	Physician Services	248,539,633	257,437,542	8,897,909		
6,239,186	6,872,573	633,387	Other Professional Services	74,223,386	83,181,267	8,957,881		
5,539,233	5,661,934	122,701	Emergency Room	62,781,286	68,945,681	6,164,395		
30,332,453	23,100,955	(7,231,498)	Inpatient	279,067,571	282,068,728	3,001,157		
2,098	75,407	73,309	Reinsurance Expense	1,131,168	916,322	(214,846)		
16,089,590	10,292,117	(5,797,473)	Outpatient Hospital	136,030,602	124,949,111	(11,081,491)		
28,055,063	25,961,965	(2,093,098)	Other Medical	283,889,750	306,344,431	22,454,681		
523,082	513,163	(9,919)	Pay for Performance Quality Incentive	6,300,881	6,238,425	(62,456)		
21,621,168	20,518,406	(1,102,762)	Hospital Directed Payments	259,574,363	251,186,273	(8,388,090)		
(26,331,918)	-	26,331,918	Hospital Directed Payment Adjustment	(27,685,097)	-	27,685,097		
1,576,733	-	(1,576,733)	Non-Claims Expense Adjustment	(53,945)	-	53,945		
106,835	-	(106,835)	IBNR, Incentive, Paid Claims Adjustment	(14,346,840)	-	14,346,840		
102,913,496	114,130,771	11,217,275	Total Medical Costs	1,309,452,758	1,381,267,779	71,815,021		
352,561,596	7,163,036	345,398,560	GROSS MARGIN	528,919,350	86,129,961	442,789,389		
			Administrative:					
3,776,320	4,009,842	233,522	Compensation	47,221,608	48,193,093	971,485		
1,707,545	1,690,082	(17,463)	Purchased Services	18,835,449	20,280,981	1,445,532		
421,461	227,316	(194,145)	Supplies	2,116,403	2,727,795	611,392		
756,211	649,950	(106,261)	Depreciation	8,269,844	7,799,394	(470,450)		
402,950	449,119	46,169	Other Administrative Expenses	5,949,936	5,389,423	(560,513)		
1,580,392	-	(1,580,392)	Administrative Expense Adjustment	3,727,294	-	(3,727,294)		
8,644,879	7,026,308	(1,618,571)	Total Administrative Expenses	86,120,534	84,390,686	(1,729,848)		
111,558,375	121,157,079	9,598,704	TOTAL EXPENSES	1,395,573,292	1,465,658,465	70,085,173		
343,916,717	136,728	343,779,989	OPERATING INCOME (LOSS) BEFORE TAX	442,798,816	1,739,275	441,059,541		
376,495,887	-	(376,495,887)	MCO TAX	376,495,887	-	(376,495,887)		
(32,579,170)	136,728	(32,715,898)	OPERATING INCOME (LOSS) NET OF TAX	66,302,929	1,739,275	64,563,654		
			NONOPERATING REVENUE (EXPENSE)					
25,418	-	25,418	Provider Grants/CalAIM/Home Health	24,875	-	24,875		
(356,686)	(625,313)	268,627	D-SNP Expenses	(4,895,736)	(7,503,756)	2,608,020		
(331,268)	(625,313)	294,045	TOTAL NONOPERATING REVENUE (EXPENSE)	(4,870,861)	(7,503,756)	2,632,895		
(32,910,438)	(488,585)	(32,421,853)	NET INCREASE (DECREASE) IN NET POSITION	61,432,068	(5,764,481)	67,196,549		
127.7%	92.9%	-34.8%	MEDICAL LOSS RATIO	87.7%	92.9%	5.3%		
10.3%	7.0%	-3.3%	ADMINISTRATIVE EXPENSE RATIO	7.0%	6.9%	-0.1%		

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED DECEMBER 31, 2023			YEAR-TO-DATE		
						ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
209,502	209,600	(98)	Family Members	2,537,268	2,551,100	(13,832)		
96,647	90,900	5,747	Expansion Members	1,184,117	1,119,400	64,717		
19,044	17,400	1,644	SPD Members	220,960	212,900	8,060		
456	650	(194)	LTC Members	4,522	6,150	(1,628)		
23,072	23,700	(628)	Other Members	254,909	269,400	(14,491)		
15,226	14,000	1,226	Kaiser Members	186,108	168,000	18,108		
363,947	356,250	7,697	Total Members - MCAL	4,387,884	4,326,950	60,934		
REVENUES								
137.38	181.96	(44.59)	Title XIX - Medicaid - Family and Other	179.75	181.73	(1.98)		
258.45	367.03	(108.58)	Title XIX - Medicaid - Expansion Members	366.44	367.00	(0.56)		
1,067.19	1,143.17	(75.98)	Title XIX - Medicaid - SPD Members	1,052.81	1,143.17	(90.35)		
7,613.89	7,025.30	588.60	Title XIX - Medicaid - LTC Members	7,477.10	7,050.87	426.22		
1,077.79	0.00	1,077.79	Premium - MCO Tax	89.45	0.00	89.45		
62.00	59.95	2.05	Premium - Hospital Directed Payments	61.78	60.40	1.38		
8.76	1.25	7.51	Investment Earnings And Other Income	5.02	1.24	3.78		
0.00	0.22	(0.22)	Reinsurance Recoveries	0.00	0.22	(0.22)		
(75.33)	0.00	(75.33)	Rate Adjustments - Hospital Directed Payments	(6.25)	0.00	(6.25)		
1.42	0.00	1.42	Rate/Income Adjustments	1.40	0.00	1.40		
1,306.13	354.40	951.73	TOTAL REVENUES	437.52	352.83	84.69		
EXPENSES								
Medical Costs:								
54.94	61.75	6.81	Physician Services	59.15	61.90	2.75		
17.89	20.08	2.19	Other Professional Services	17.66	20.00	2.34		
15.88	16.54	0.66	Emergency Room	14.94	16.58	1.64		
86.98	67.50	(19.48)	Inpatient	66.42	67.82	1.41		
0.01	0.22	0.21	Reinsurance Expense	0.27	0.22	(0.05)		
46.14	30.07	(16.07)	Outpatient Hospital	32.37	30.04	(2.33)		
80.45	75.86	(4.59)	Other Medical	67.56	73.66	6.09		
1.50	1.50	(0.00)	Pay for Performance Quality Incentive	1.50	1.50	0.00		
62.00	59.95	(2.05)	Hospital Directed Payments	61.78	60.40	(1.38)		
(75.51)	0.00	75.51	Hospital Directed Payment Adjustment	(6.59)	0.00	6.59		
4.52	0.00	(4.52)	Non-Claims Expense Adjustment	(0.01)	0.00	0.01		
0.31	0.00	(0.31)	IBNR, Incentive, Paid Claims Adjustment	(3.41)	0.00	3.41		
295.12	333.47	38.35	Total Medical Costs	311.64	332.12	20.48		
1,011.01	20.93	990.08	GROSS MARGIN	125.88	20.71	105.17		
Administrative:								
10.83	11.72	0.89	Compensation	11.24	11.59	0.35		
4.90	4.94	0.04	Purchased Services	4.48	4.88	0.39		
1.21	0.66	(0.54)	Supplies	0.50	0.66	0.15		
2.17	1.90	(0.27)	Depreciation	1.97	1.88	(0.09)		
1.16	1.31	0.16	Other Administrative Expenses	1.42	1.30	(0.12)		
4.53	0.00	(4.53)	Administrative Expense Adjustment	0.89	0.00	(0.89)		
24.79	20.53	(4.26)	Total Administrative Expenses	20.50	20.29	(0.20)		
319.91	354.00	34.09	TOTAL EXPENSES	332.14	352.41	20.27		
986.22	0.40	985.82	OPERATING INCOME (LOSS) BEFORE TAX	105.38	0.42	104.97		
1,079.65	0.00	(1,079.65)	MCO TAX	89.60	0.00	(89.60)		
(93.42)	0.40	(93.82)	OPERATING INCOME (LOSS) NET OF TAX	15.78	0.42	15.36		
NONOPERATING REVENUE (EXPENSE)								
0.00	0.00	0.00	Gain on Sale of Assets	0.00	0.00	0.00		
0.07	0.00	0.07	Reserve Fund Projects/Community Grants	0.01	0.00	0.01		
(1.02)	(1.83)	0.80	Health Home	(1.17)	(1.80)	0.64		
(0.95)	(1.83)	0.88	TOTAL NONOPERATING REVENUE (EXPENSE)	(1.16)	(1.80)	0.65		
(94.37)	(1.43)	(92.95)	NET INCREASE (DECREASE) IN NET POSITION	14.62	(1.39)	16.01		
127.7%	92.9%	-34.8%	MEDICAL LOSS RATIO	87.7%	92.9%	5.3%		
10.3%	7.0%	-3.3%	ADMINISTRATIVE EXPENSE RATIO	7.0%	6.9%	-0.1%		

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2023	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
	2022	2023	2023	2023	2023	2023	2023
ENROLLMENT							
Members - MCAL	336,514	332,387	349,492	351,010	353,005	355,915	357,008
REVENUES							
Title XIX - Medicaid - Family and Other	34,345,215	38,355,206	40,922,562	41,044,003	41,661,492	44,450,874	45,303,824
Title XIX - Medicaid - Expansion Members	30,862,645	35,864,920	36,154,732	35,902,983	36,465,640	38,238,101	38,910,749
Title XIX - Medicaid - SPD Members	15,500,822	18,119,057	19,012,691	19,068,659	19,567,025	19,083,062	19,664,806
Title XIX - Medicaid - LTC Members	-	201,227	2,814,382	2,968,601	2,968,602	3,026,025	3,130,269
Premium - MCO Tax	10,883,460	-	-	-	-	-	-
Premium - Hospital Directed Payments	27,573,903	21,209,673	21,515,947	21,609,701	21,948,157	21,792,771	22,188,234
Investment Earnings And Other Income	714,738	1,400,146	440,597	2,337,674	1,314,336	651,530	1,485,525
Reinsurance Recoveries	152,481	-	-	-	-	-	-
Rate Adjustments - Hospital Directed Payments	12,446,127	(684,297)	33,520	32,816	37,815	5,509	15,555
Rate/Income Adjustments	333,950	(968,410)	350,076	1,115,116	978,086	1,497,916	213,618
TOTAL REVENUES	132,813,341	113,497,522	121,244,507	124,079,553	124,941,153	128,745,788	130,912,580
EXPENSES							
Medical Costs:							
Physician Services	16,678,607	20,302,072	19,187,941	20,648,045	21,262,722	21,747,296	21,895,594
Other Professional Services	6,175,363	5,493,905	5,413,638	6,067,168	5,720,799	6,643,597	6,838,173
Emergency Room	5,082,054	5,195,994	4,633,288	5,199,635	5,262,548	5,131,679	5,555,164
Inpatient	12,591,938	22,641,712	21,804,027	22,997,133	23,980,922	21,382,030	19,096,686
Reinsurance Expense	59,818	90,859	180,937	94,363	94,773	95,311	96,097
Outpatient Hospital	9,093,742	9,616,781	9,652,797	11,362,056	10,886,974	11,009,988	10,557,328
Other Medical	6,543,097	15,528,820	23,011,370	23,040,484	22,948,410	22,151,470	25,626,415
Pay for Performance Quality Incentive	504,771	498,590	524,238	526,516	529,507	533,873	533,872
Hospital Directed Payments	27,573,903	21,209,673	21,515,947	21,609,701	21,948,157	21,792,771	22,188,234
Hospital Directed Payment Adjustment	12,446,126	(684,297)	33,520	(869,333)	37,816	123,932	15,555
Non-Claims Expense Adjustment	(1,071,264)	(128,832)	3,429	72,961	177,517	(2,449,080)	3,040
IBNR, Incentive, Paid Claims Adjustment	(6,704,318)	9,076	32,166	(4,009,312)	(4,430,362)	(4,472,016)	(4,829,330)
Total Medical Costs	88,973,837	99,774,353	105,993,298	106,739,417	108,419,783	103,690,851	107,576,828
GROSS MARGIN							
Administrative:							
Compensation	4,707,264	3,547,045	3,492,028	3,754,627	3,614,954	3,792,281	3,620,970
Purchased Services	1,262,419	939,926	1,549,694	1,516,766	1,481,551	1,530,859	1,863,224
Supplies	220,189	87,606	161,043	106,568	113,296	134,551	30,404
Depreciation	627,772	680,616	679,350	682,158	684,369	685,407	685,551
Other Administrative Expenses	966,290	660,263	384,578	557,118	442,055	441,734	562,847
Administrative Expense Adjustment	508,526	109,675	301,496	320,296	300,000	300,950	501,326
Total Administrative Expenses	8,292,460	6,025,131	6,568,189	6,937,533	6,636,225	6,885,782	7,264,322
TOTAL EXPENSES	97,266,297	105,799,484	112,561,487	113,676,950	115,056,008	110,576,633	114,841,150
OPERATING INCOME (LOSS) BEFORE TAX	35,547,044	7,698,038	8,683,020	10,402,603	9,885,145	18,169,155	16,071,430
MCO TAX	10,883,459	-	-	-	-	-	-
OPERATING INCOME (LOSS) NET OF TAX	24,663,585	7,698,038	8,683,020	10,402,603	9,885,145	18,169,155	16,071,430
TOTAL NONOPERATING REVENUE (EXPENSE)	(34,557)	(60,423)	(153,079)	(672,750)	(310,622)	(300,144)	(672,234)
NET INCREASE (DECREASE) IN NET POSITION	24,629,028	7,637,615	8,529,941	9,729,853	9,574,523	17,869,011	15,399,196
MEDICAL LOSS RATIO	59.8%	85.2%	84.7%	84.0%	84.0%	76.5%	78.5%
ADMINISTRATIVE EXPENSE RATIO	10.1%	6.5%	6.6%	6.8%	6.4%	6.4%	6.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2023	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	13 MONTH
	2023	2023	2023	2023	2023	2023	TOTAL
ENROLLMENT							
Members - MCAL	355,448	356,881	352,039	344,282	345,588	348,721	4,538,290
REVENUES							
Title XIX - Medicaid - Family and Other	45,811,582	41,688,820	43,328,819	42,099,200	45,286,583	31,950,410	536,248,590
Title XIX - Medicaid - Expansion Members	38,966,690	37,219,564	38,490,002	36,217,555	36,497,717	24,978,895	464,770,193
Title XIX - Medicaid - SPD Members	19,655,340	19,355,872	19,937,702	19,485,313	19,356,792	20,323,529	248,130,670
Title XIX - Medicaid - LTC Members	2,933,682	3,019,928	3,149,260	2,973,589	3,153,925	3,471,936	33,811,426
Premium - MCO Tax	-	-	-	-	-	375,849,146	386,732,606
Premium - Hospital Directed Payments	21,822,439	21,933,791	21,801,472	21,376,726	20,754,284	21,621,168	287,148,266
Investment Earnings And Other Income	1,706,041	1,300,264	1,438,685	2,404,743	3,571,373	3,055,067	21,820,719
Reinsurance Recoveries	-	-	-	-	-	-	152,481
Rate Adjustments - Hospital Directed Payments	(15,187)	421,005	139,435	4,262	(2,585)	(26,269,704)	(13,835,729)
Rate/Income Adjustments	1,690	(38,135)	2,226,733	(20,585)	21,527	494,645	6,206,227
TOTAL REVENUES	130,882,277	124,901,109	130,512,108	124,540,803	128,639,616	455,475,092	1,971,185,449
EXPENSES							
Medical Costs:							
Physician Services	20,488,109	20,619,449	21,311,972	20,657,868	21,258,592	19,159,973	265,218,240
Other Professional Services	5,443,151	6,830,704	6,391,087	6,402,687	6,739,291	6,239,186	80,398,749
Emergency Room	4,984,270	5,600,554	5,694,566	5,063,129	4,921,226	5,539,233	67,863,340
Inpatient	22,316,634	20,877,596	24,726,100	25,452,067	23,460,211	30,332,453	291,659,509
Reinsurance Expense	96,097	96,688	95,910	96,625	91,410	2,098	1,190,986
Outpatient Hospital	10,233,407	10,613,553	11,158,217	12,146,983	12,702,928	16,089,590	145,124,344
Other Medical	22,600,808	23,390,986	26,396,360	23,481,299	27,658,265	28,055,063	290,432,847
Pay for Performance Quality Incentive	535,512	534,172	529,365	513,772	518,382	523,082	6,805,652
Hospital Directed Payments	21,822,439	21,933,791	21,801,472	21,376,726	20,754,284	21,621,168	287,148,266
Hospital Directed Payment Adjustment	(15,187)	426,925	(423,787)	4,263	(2,586)	(26,331,918)	(15,238,971)
Non-Claims Expense Adjustment	639,578	3,672	52,429	(4,730)	(662)	1,576,733	(1,125,209)
IBNR, Incentive, Paid Claims Adjustment	707,021	438,520	701,159	614,589	784,814	106,835	(21,051,158)
Total Medical Costs	109,851,839	111,366,610	118,434,850	115,805,278	118,886,155	102,913,496	1,398,426,595
GROSS MARGIN							
	21,030,438	13,534,499	12,077,258	8,735,525	9,753,461	352,561,596	572,758,854
Administrative:							
Compensation	3,743,082	4,035,666	4,036,689	4,152,627	5,655,319	3,776,320	51,928,872
Purchased Services	1,454,753	1,385,358	1,774,151	1,715,078	1,916,544	1,707,545	20,097,868
Supplies	196,052	395,025	210,861	128,415	131,121	421,461	2,336,592
Depreciation	686,781	693,125	693,125	657,439	685,712	756,211	8,897,616
Other Administrative Expenses	623,127	435,112	436,285	505,416	498,451	402,950	6,916,226
Administrative Expense Adjustment	300,183	12,969	267	-	(260)	1,580,392	4,235,820
Total Administrative Expenses	7,003,978	6,957,255	7,151,378	7,158,975	8,886,887	8,644,879	94,412,994
TOTAL EXPENSES	116,855,817	118,323,865	125,586,228	122,964,253	127,773,042	111,558,375	1,492,839,589
OPERATING INCOME (LOSS) BEFORE TAX	14,026,460	6,577,244	4,925,880	1,576,550	866,574	343,916,717	478,345,860
MCO TAX	-	-	-	-	-	376,495,887	10,883,459
OPERATING INCOME (LOSS) NET OF TAX	14,026,460	6,577,244	4,925,880	1,576,550	866,574	(32,579,170)	467,462,401
TOTAL NONOPERATING REVENUE (EXPENSE)	(307,680)	(457,916)	(481,380)	(632,933)	(490,432)	(331,268)	(4,905,418)
NET INCREASE (DECREASE) IN NET POSITION	13,718,780	6,119,328	4,444,500	943,617	376,142	(32,910,438)	462,556,983
MEDICAL LOSS RATIO	80.7%	86.8%	89.4%	91.5%	91.0%	127.7%	85.9%
ADMINISTRATIVE EXPENSE RATIO	6.4%	6.8%	6.6%	6.9%	8.2%	10.3%	7.2%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2023	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
	2022	2023	2023	2023	2023	2023	2023
ENROLLMENT							
Members - MCAL	336,514	332,387	349,492	351,010	353,005	355,915	357,008
REVENUES							
Title XIX - Medicaid - Family and Other	156.69	175.30	175.80	175.43	177.53	187.74	190.94
Title XIX - Medicaid - Expansion Members	323.22	373.01	369.48	365.87	367.09	381.03	383.36
Title XIX - Medicaid - SPD Members	897.35	1,038.82	1,030.33	1,029.51	1,052.05	1,037.24	1,052.72
Title XIX - Medicaid - LTC Members	0.00	7,452.85	7,425.81	7,477.58	7,440.11	7,546.20	7,506.64
Premium - MCO Tax	32.34	0.00	0.00	0.00	0.00	0.00	0.00
Premium - Hospital Directed Payments	81.94	63.81	61.56	61.56	62.18	61.23	62.15
Investment Earnings And Other Income	2.12	4.21	1.26	6.66	3.72	1.83	4.16
Reinsurance Recoveries	0.45	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	36.99	(2.06)	0.10	0.09	0.11	0.02	0.04
Rate/Income Adjustments	0.99	(2.91)	1.00	3.18	2.77	4.21	0.60
TOTAL REVENUES	394.67	341.46	346.92	353.49	353.94	361.73	366.69
EXPENSES							
Medical Costs:							
Physician Services	49.56	61.08	54.90	58.82	60.23	61.10	61.33
Other Professional Services	18.35	16.53	15.49	17.28	16.21	18.67	19.15
Emergency Room	15.10	15.63	13.26	14.81	14.91	14.42	15.56
Inpatient	37.42	68.12	62.39	65.52	67.93	60.08	53.49
Reinsurance Expense	0.18	0.27	0.52	0.27	0.27	0.27	0.27
Outpatient Hospital	27.02	28.93	27.62	32.37	30.84	30.93	29.57
Other Medical	19.44	46.72	65.84	65.64	65.01	62.24	71.78
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Hospital Directed Payments	81.94	63.81	61.56	61.56	62.18	61.23	62.15
Hospital Directed Payment Adjustment	36.99	(2.06)	0.10	(2.48)	0.11	0.35	0.04
Non-Claims Expense Adjustment	(3.18)	(0.39)	0.01	0.21	0.50	(6.88)	0.01
IBNR, Incentive, Paid Claims Adjustment	(19.92)	0.03	0.09	(11.42)	(12.55)	(12.56)	(13.53)
Total Medical Costs	264.40	300.18	303.28	304.09	307.13	291.34	301.33
GROSS MARGIN	130.28	41.29	43.64	49.40	46.80	70.40	65.36
Administrative:							
Compensation	13.99	10.67	9.99	10.70	10.24	10.66	10.14
Purchased Services	3.75	2.83	4.43	4.32	4.20	4.30	5.22
Supplies	0.65	0.26	0.46	0.30	0.32	0.38	0.09
Depreciation	1.87	2.05	1.94	1.94	1.94	1.93	1.92
Other Administrative Expenses	2.87	1.99	1.10	1.59	1.25	1.24	1.58
Administrative Expense Adjustment	1.51	0.33	0.86	0.91	0.85	0.85	1.40
Total Administrative Expenses	24.64	18.13	18.79	19.76	18.80	19.35	20.35
TOTAL EXPENSES	289.04	318.30	322.07	323.86	325.93	310.68	321.68
OPERATING INCOME (LOSS) BEFORE TAX	105.63	23.16	24.84	29.64	28.00	51.05	45.02
MCO TAX	32.34	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING INCOME (LOSS) NET OF TAX	73.29	23.16	24.84	29.64	28.00	51.05	45.02
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.10)	(0.18)	(0.44)	(1.92)	(0.88)	(0.84)	(1.88)
NET INCREASE (DECREASE) IN NET POSITION	73.19	22.98	24.41	27.72	27.12	50.21	43.13
MEDICAL LOSS RATIO	59.8%	85.2%	84.7%	84.0%	84.0%	76.5%	78.5%
ADMINISTRATIVE EXPENSE RATIO	10.1%	6.5%	6.6%	6.8%	6.4%	6.4%	6.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2023	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	13 MONTH
	2023	2023	2023	2023	2023	2023	TOTAL
ENROLLMENT							
Members - MCAL	355,448	356,881	352,039	344,282	345,588	348,721	4,538,290
REVENUES							
Title XIX - Medicaid - Family and Other	195.08	177.66	185.02	183.11	196.69	137.38	177.80
Title XIX - Medicaid - Expansion Members	409.60	390.36	385.48	378.12	378.15	258.45	363.05
Title XIX - Medicaid - SPD Members	1,127.03	1,110.24	1,081.04	1,071.80	1,052.11	1,067.19	1,040.55
Title XIX - Medicaid - LTC Members	7,445.89	7,530.99	7,892.88	7,342.20	7,368.98	7,613.89	7,477.10
Premium - MCO Tax	0.00	0.00	0.00	0.00	0.00	1,077.79	85.22
Premium - Hospital Directed Payments	61.39	61.46	61.93	62.09	60.05	62.00	63.27
Investment Earnings And Other Income	4.80	3.64	4.09	6.98	10.33	8.76	4.81
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.03
Rate Adjustments - Hospital Directed Payments	(0.04)	1.18	0.40	0.01	(0.01)	(75.33)	(3.05)
Rate/Income Adjustments	0.00	(0.11)	6.33	(0.06)	0.06	1.42	1.37
TOTAL REVENUES	368.22	349.98	370.73	361.74	372.23	1,306.13	434.35
EXPENSES							
Medical Costs:							
Physician Services	57.64	57.78	60.54	60.00	61.51	54.94	58.44
Other Professional Services	15.31	19.14	18.15	18.60	19.50	17.89	17.72
Emergency Room	14.02	15.69	16.18	14.71	14.24	15.88	14.95
Inpatient	62.78	58.50	70.24	73.93	67.88	86.98	64.27
Reinsurance Expense	0.27	0.27	0.27	0.28	0.26	0.01	0.26
Outpatient Hospital	28.79	29.74	31.70	35.28	36.76	46.14	31.98
Other Medical	63.58	65.54	74.98	68.20	80.03	80.45	64.00
Pay for Performance Quality Incentive	1.51	1.50	1.50	1.49	1.50	1.50	1.50
Hospital Directed Payments	61.39	61.46	61.93	62.09	60.05	62.00	63.27
Hospital Directed Payment Adjustment	(0.04)	1.20	(1.20)	0.01	(0.01)	(75.51)	(3.36)
Non-Claims Expense Adjustment	1.80	0.01	0.15	(0.01)	(0.00)	4.52	(0.25)
IBNR, Incentive, Paid Claims Adjustment	1.99	1.23	1.99	1.79	2.27	0.31	(4.64)
Total Medical Costs	309.05	312.06	336.43	336.37	344.01	295.12	308.14
GROSS MARGIN							
Administrative:							
Compensation	10.53	11.31	11.47	12.06	16.36	10.83	11.44
Purchased Services	4.09	3.88	5.04	4.98	5.55	4.90	4.43
Supplies	0.55	1.11	0.60	0.37	0.38	1.21	0.51
Depreciation	1.93	1.94	1.97	1.91	1.98	2.17	1.96
Other Administrative Expenses	1.75	1.22	1.24	1.47	1.44	1.16	1.52
Administrative Expense Adjustment	0.84	0.04	0.00	0.00	(0.00)	4.53	0.93
Total Administrative Expenses	19.70	19.49	20.31	20.79	25.72	24.79	20.80
TOTAL EXPENSES	328.76	331.55	356.74	357.16	369.73	319.91	328.94
OPERATING INCOME (LOSS) BEFORE TAX	39.46	18.43	13.99	4.58	2.51	986.22	105.40
MCO TAX	0.00	0.00	0.00	0.00	0.00	1,079.65	2.40
OPERATING INCOME (LOSS) NET OF TAX	39.46	18.43	13.99	4.58	2.51	(93.42)	103.00
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.87)	(1.28)	(1.37)	(1.84)	(1.42)	(0.95)	(1.08)
NET INCREASE (DECREASE) IN NET POSITION	38.60	17.15	12.63	2.74	1.09	(94.37)	101.92
MEDICAL LOSS RATIO	80.7%	86.8%	89.4%	91.5%	91.0%	127.7%	85.9%
ADMINISTRATIVE EXPENSE RATIO	6.4%	6.8%	6.6%	6.9%	8.2%	10.3%	7.2%

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
REVENUES						
Title XIX - Medicaid - Family & Other						
23,891,508	33,846,153	(9,954,645)	Premium - Medi-Cal	395,454,352	408,423,682	(12,969,330)
3,396,280	2,782,482	613,798	Premium - Maternity Kick	32,663,403	33,389,784	(726,381)
661,268	675,691	(14,423)	Premium - Enhanced Care Management	7,823,474	8,055,366	(231,892)
207,651	151,941	55,710	Premium - Major Organ Transplant	2,515,477	1,849,363	666,114
-	509,241	(509,241)	Premium - Cal AIM	9,438,601	6,210,079	3,228,522
3,520,646	3,590,602	(69,956)	Premium - Provider Enhancement	42,789,856	43,819,793	(1,029,937)
161,675	183,386	(21,711)	Premium - Ground Emergency Medical Transportation	1,978,584	2,240,546	(261,962)
-	245,400	(245,400)	Premium - Student Behavioral Health Incentive	4,372,077	2,944,800	1,427,277
-	352,514	(352,514)	Premium - Housing and Homelessness Incentive	3,487,489	4,230,168	(742,679)
111,382	115,022	(3,640)	Other	1,380,062	1,414,457	(34,395)
31,950,410	42,452,432	(10,502,022)	Total Title XIX - Medicaid - Family & Other	501,903,375	512,578,038	(10,674,663)
Title XIX - Medicaid - Expansion Members						
21,218,067	29,355,581	(8,137,514)	Premium - Medi-Cal	382,829,268	361,528,795	21,300,474
678,203	236,486	441,717	Premium - Maternity Kick	6,546,037	2,837,831	3,708,206
793,084	919,926	(126,842)	Premium - Enhanced Care Management	9,607,906	11,333,406	(1,725,500)
329,207	229,758	99,449	Premium - Major Organ Transplant	3,965,893	2,830,598	1,135,295
-	390,382	(390,382)	Premium - Cal AIM	3,994,124	14,199,143	(10,205,019)
1,690,823	1,523,047	167,776	Premium - Provider Enhancement	20,376,011	7,796,638	12,579,373
234,212	198,579	35,633	Premium - Ground Emergency Medical Transportation	2,827,542	2,369,548	457,994
-	195,905	(195,905)	Premium - Student Behavioral Health Incentive	1,854,243	3,034,940	(1,180,697)
-	281,415	(281,415)	Premium - Housing and Homelessness Incentive	1,478,208	1,392,132	86,076
35,299	32,184	3,115	Other	428,316	363,456	64,860
24,978,895	33,363,262	(8,384,367)	Total Title XIX - Medicaid - Expansion Members	433,907,548	407,686,486	26,221,062
Title XIX - Medicaid - SPD Members						
18,915,033	18,111,312	803,721	Premium - Medi-Cal	215,204,656	221,603,353	(6,398,697)
441,676	497,466	(55,790)	Premium - Enhanced Care Management	5,053,530	6,086,811	(1,033,281)
264,720	158,166	106,554	Premium - Major Organ Transplant	3,000,545	1,935,261	1,065,284
-	242,205	(242,205)	Premium - Cal AIM	746,383	3,052,331	(2,305,948)
552,258	450,649	101,609	Premium - Provider Enhancement	6,295,225	5,513,973	781,252
149,842	139,374	10,468	Premium - Ground Emergency Medical Transportation	1,712,197	1,705,329	6,868
-	119,827	(119,827)	Premium - Student Behavioral Health Incentive	346,311	1,437,924	(1,091,613)
-	172,130	(172,130)	Premium - Housing and Homelessness Incentive	271,001	2,065,560	(1,794,559)
20,323,529	19,891,129	432,400	Total Title XIX - Medicaid - SPD Members	232,629,848	243,400,542	(10,770,694)
Title XIX - Medicaid - LTC Members						
3,447,630	4,530,470	(1,082,840)	Premium - Medi-Cal	33,549,021	39,019,080	(5,470,059)
10,517	14,512	(3,995)	Premium - Enhanced Care Management	102,103	138,022	(35,919)
12,686	21,119	(8,433)	Premium - Major Organ Transplant	121,384	201,989	(80,605)
-	-	-	Premium - Cal AIM	16,987	-	16,987
247	343	(96)	Premium - Provider Enhancement	1,867	3,773	(1,906)
856	-	856	Premium - Ground Emergency Medical Transportation	6,716	-	6,716
-	-	-	Premium - Student Behavioral Health Incentive	7,441	-	7,441
-	-	-	Premium - Housing and Homelessness Incentive	5,907	-	5,907
3,471,936	4,566,444	(1,094,508)	Total Title XIX - Medicaid - LTC Members	33,811,426	39,362,864	(5,551,438)

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
PHYSICIAN SERVICES						
4,091,872	4,363,619	271,747	Primary Care Physician Services	48,405,552	53,037,826	4,632,274
13,148,947	14,255,326	1,106,379	Referral Specialty Services	174,915,890	173,828,034	(1,087,856)
1,909,854	2,506,006	596,152	Urgent Care & After Hours Advise	25,108,691	30,462,182	5,353,491
9,300	9,300	-	Hospital Admitting Team	109,500	109,500	-
19,159,973	21,134,251	1,974,278	TOTAL PHYSICIAN SERVICES	248,539,633	257,437,542	8,897,909
OTHER PROFESSIONAL SERVICES						
344,282	350,482	6,200	Vision Service Capitation	4,190,121	4,258,989	68,868
259,281	312,866	53,585	221 - Business Intelligence - UM Allocation *	3,355,236	3,754,388	399,152
584,297	817,442	233,145	310 - Health Services - Utilization Management - UM Allocation *	7,407,126	9,809,302	2,402,176
219,720	304,571	84,851	311 - Health Services - Quality Improvement - UM Allocation *	3,401,421	3,654,847	253,426
207,359	227,968	20,609	312 - Health Services - Education - UM Allocation *	2,551,339	2,735,618	184,279
71,806	97,289	25,483	313 - Health Services - Pharmacy - UM Allocation *	971,819	1,167,467	195,648
286,692	306,190	19,498	314 - Enhanced Care Management - UM Allocation *	3,214,061	3,674,277	460,216
378,857	475,548	96,691	316 -Population Health Management - UM Allocation *	4,341,945	5,706,578	1,364,633
80,752	110,899	30,147	317 - Community Based Services - UM Allocation *	862,631	1,330,792	468,161
(20)	15,414	15,434	318 - Housing & Homeless Incentive Program - UM Allocation *	272,859	184,971	(87,888)
16,868	22,975	6,107	319 - CalAIM Incentive Payment Program - UM Allocation *	153,962	275,705	121,743
44,807	62,940	18,133	601 - Behavioral Health - UM Allocation *	369,671	755,276	385,605
71,172	50,515	(20,657)	602 - Quality & Health Equity - UM Allocation *	687,746	606,180	(81,566)
65,689	-	(65,689)	604 - Clinical Operations, Straegy, and Analytics*	167,686	-	(167,686)
44,992	-	(44,992)	605 - Quality Performance*	78,785	-	(78,785)
2,052,611	1,433,112	(619,499)	Behavior Health Treatment	22,165,659	17,412,897	(4,752,762)
199,971	427,839	227,868	Mental Health Services	2,706,114	5,209,230	2,503,116
1,310,050	1,856,524	546,474	Other Professional Services	17,325,205	22,644,751	5,319,546
6,239,186	6,872,573	633,387	TOTAL OTHER PROFESSIONAL SERVICES	74,223,386	83,181,267	8,957,881
5,539,233	5,661,934	122,701	EMERGENCY ROOM	62,781,286	68,945,681	6,164,395
30,332,453	23,100,955	(7,231,498)	INPATIENT HOSPITAL	279,067,571	282,068,728	3,001,157
2,098	75,407	73,309	REINSURANCE EXPENSE PREMIUM	1,131,168	916,322	(214,846)
16,089,590	10,292,117	(5,797,473)	OUTPATIENT HOSPITAL SERVICES	136,030,602	124,949,111	(11,081,491)
OTHER MEDICAL						
3,353,558	1,625,230	(1,728,328)	Ambulance and NEMT	30,209,009	19,770,330	(10,438,679)
845,801	985,388	139,587	Home Health Services & CBAS	8,947,775	12,024,455	3,076,680
1,113,241	1,592,010	478,769	Utilization and Quality Review Expenses	12,227,711	19,104,116	6,876,405
5,687,565	10,028,361	4,340,796	Long Term/SNF/Hospice	80,353,869	112,641,055	32,287,186
5,475,775	5,272,574	(203,201)	Provider Enhancement Expense - Prop. 56	65,989,810	64,103,974	(1,885,836)
886,031	495,272	(390,759)	Provider Enhancement Expense - GEMT	7,723,329	6,072,699	(1,650,630)
2,654,725	2,002,215	(652,510)	Enhanced Care Management	24,063,438	24,332,920	269,482
762,346	532,935	(229,411)	Major Organ Transplant	9,123,135	6,476,350	(2,646,785)
5,972,483	2,383,569	(3,588,914)	Cal AIM Incentive Programs	29,330,536	29,075,977	(254,559)
1,303,538	1,044,413	(259,125)	DME/Rebates	15,921,138	12,742,556	(3,178,582)
28,055,063	25,961,965	(2,093,098)	TOTAL OTHER MEDICAL	283,889,750	306,344,431	22,454,681
523,082	513,163	(9,919)	PAY FOR PERFORMANCE QUALITY INCENTIVE	6,300,881	6,238,425	(62,456)
21,621,168	20,518,406	(1,102,762)	HOSPITAL DIRECTED PAYMENTS	259,574,363	251,186,273	(8,388,090)
(26,331,918)	-	26,331,918	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(27,685,097)	-	27,685,097
1,576,733	-	(1,576,733)	NON-CLAIMS EXPENSE ADJUSTMENT	(53,945)	-	53,945
106,835	-	(106,835)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(14,346,840)	-	14,346,840
102,913,496	114,130,771	11,217,275	Total Medical Costs	1,309,452,758	1,381,267,779	71,815,021

* Medical costs per DMHC regulations

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED DECEMBER 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
11.73	12.75	1.02	Primary Care Physician Services	11.52	12.75	1.23
37.71	41.65	3.95	Referral Specialty Services	41.63	41.80	0.17
5.48	7.32	1.85	Urgent Care & After Hours Advise	5.98	7.32	1.35
0.03	0.03	0.00	Hospital Admitting Team	0.03	0.03	0.00
54.94	61.75	6.81	TOTAL PHYSICIAN SERVICES	59.15	61.90	2.75
			OTHER PROFESSIONAL SERVICES			
0.99	1.02	0.04	Vision Service Capitation	1.00	1.02	0.03
0.74	0.91	0.17	221 - Business Intelligence - UM Allocation *	0.80	0.90	0.10
1.68	2.39	0.71	310 - Health Services - Utilization Management - UM Allocation *	1.76	2.36	0.60
0.63	0.89	0.26	311 - Health Services - Quality Improvement - UM Allocation *	0.81	0.88	0.07
0.59	0.67	0.07	312 - Health Services - Education - UM Allocation *	0.61	0.66	0.05
0.21	0.28	0.08	313 - Health Services - Pharmacy - UM Allocation *	0.23	0.28	0.05
0.82	0.89	0.07	314 - Enhanced Care Management - UM Allocation *	0.76	0.88	0.12
1.09	1.39	0.30	316 -Population Health Management - UM Allocation *	1.03	1.37	0.34
0.23	0.32	0.09	317 - Community Based Services - UM Allocation *	0.21	0.32	0.11
(0.00)	0.05	0.05	318 - Housing & Homeless Incentive Program - UM Allocation *	0.06	0.04	(0.02)
0.05	0.07	0.02	319 - CalAIM Incentive Payment Program - UM Allocation *	0.04	0.07	0.03
0.13	0.18	0.06	601 - Behavioral Health - UM Allocation *	0.09	0.18	0.09
0.20	0.15	(0.06)	602 - Quality & Health Equity - UM Allocation *	0.16	0.15	(0.02)
0.19	0.00	(0.19)	604 - Clinical Operations, Straegy, and Analytics*	0.04	0.00	(0.04)
0.13	0.00	(0.13)	605 - Quality Performance*	0.02	0.00	(0.02)
5.89	4.19	(1.70)	Behavior Health Treatment	5.28	4.19	(1.09)
0.57	1.25	0.68	Mental Health Services	0.64	1.25	0.61
3.76	5.42	1.67	Other Professional Services	4.12	5.44	1.32
17.89	20.08	2.19	TOTAL OTHER PROFESSIONAL SERVICES	17.66	20.00	2.34
15.88	16.54	0.66	EMERGENCY ROOM	14.94	16.58	1.64
86.98	67.50	(19.48)	INPATIENT HOSPITAL	66.42	67.82	1.41
0.01	0.22	0.21	REINSURANCE EXPENSE PREMIUM	0.27	0.22	(0.05)
46.14	30.07	(16.07)	OUTPATIENT HOSPITAL SERVICES	32.37	30.04	(2.33)
			OTHER MEDICAL			
9.62	4.75	(4.87)	Ambulance and NEMT	7.19	4.75	(2.44)
2.43	2.88	0.45	Home Health Services & CBAS	2.13	2.89	0.76
3.19	4.65	1.46	Utilization and Quality Review Expenses	2.91	4.59	1.68
16.31	29.30	12.99	Long Term/SNF/Hospice	19.12	27.08	7.96
15.70	15.41	(0.30)	Provider Enhancement Expense - Prop. 56	15.71	15.41	(0.29)
2.54	1.45	(1.09)	Provider Enhancement Expense - GEMT	1.84	1.46	(0.38)
7.61	5.85	(1.76)	Enhanced Care Management	5.73	5.85	0.12
2.19	1.56	(0.63)	Major Organ Transplant	2.17	1.56	(0.61)
17.13	6.96	(10.16)	Cal AIM Incentive Programs	6.98	6.99	0.01
3.74	3.05	(0.69)	DME	3.79	3.06	(0.73)
80.45	75.86	(4.59)	TOTAL OTHER MEDICAL	67.56	73.66	6.09
1.50	1.50	(0.00)	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	0.00
62.00	59.95	(2.05)	HOSPITAL DIRECTED PAYMENTS	61.78	60.40	(1.38)
(75.51)	0.00	75.51	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(6.59)	0.00	6.59
4.52	0.00	(4.52)	NON-CLAIMS EXPENSE ADJUSTMENT	(0.01)	0.00	0.01
0.31	0.00	(0.31)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(3.41)	0.00	3.41
295.12	333.47	38.35	Total Medical Costs	311.64	332.12	20.48

KHS4/4/2024
Management Use Only

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2023	JANUARY 2023	FEBRUARY 2023	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023
PHYSICIAN SERVICES						
Primary Care Physician Services	4,153,283	3,799,063	3,973,992	4,241,474	4,159,263	4,419,579
Referral Specialty Services	14,090,583	13,535,172	14,603,368	14,737,274	15,505,030	15,425,047
Urgent Care & After Hours Advise	2,048,906	1,845,306	2,061,385	2,274,974	2,073,703	2,041,968
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000
TOTAL PHYSICIAN SERVICES	20,302,072	19,187,941	20,648,045	21,262,722	21,747,296	21,895,594
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	332,837	342,049	345,365	351,010	353,005	355,915
221 - Business Intelligence - UM Allocation *	262,834	243,530	245,518	266,409	276,847	276,024
310 - Health Services - Utilization Management - UM Allocation *	555,681	539,746	572,464	475,795	521,721	872,799
311 - Health Services - Quality Improvement - UM Allocation *	284,682	284,411	334,968	276,552	241,613	226,739
312 - Health Services - Education - UM Allocation *	195,507	202,444	207,789	196,257	208,817	208,588
313 - Health Services - Pharmacy - UM Allocation *	83,674	85,448	79,846	73,351	78,358	73,856
314 - Enhanced Care Management - UM Allocation *	233,834	209,336	244,620	223,024	252,924	244,364
316 - Population Health Management - UM Allocation *	303,368	305,490	366,061	321,471	357,151	343,070
317 - Community Based Services - UM Allocation *	57,244	64,612	68,615	59,149	68,281	75,135
318 - Housing & Homeless Incentive Program - UM Allocation *	29,439	27,963	8,208	7,194	228	(76)
319 - CalAIM Incentive Payment Program - UM Allocation *	-	3,721	10,674	15,231	15,978	8,891
601 - Behavioral Health - UM Allocation *	-	-	21,314	21,307	12,237	43,136
602 - Quality & Health Equity - UM Allocation *	23,077	32,268	33,887	43,348	54,197	46,221
604 - Clinical Operations, Straegy, and Analytics*	-	-	-	-	-	-
605 - Quality Performance*	-	-	-	-	-	-
Behavior Health Treatment	1,234,423	1,340,804	1,751,711	1,545,908	2,409,753	2,090,128
Mental Health Services	378,598	277,029	277,573	229,037	195,793	258,806
Other Professional Services	1,518,707	1,454,787	1,498,555	1,615,756	1,596,694	1,714,577
TOTAL OTHER PROFESSIONAL SERVICES	5,493,905	5,413,638	6,067,168	5,720,799	6,643,597	6,838,173
EMERGENCY ROOM	5,195,994	4,633,288	5,199,635	5,262,548	5,131,679	5,555,164
INPATIENT HOSPITAL	22,641,712	21,804,027	22,997,133	23,980,922	21,382,030	19,096,686
REINSURANCE EXPENSE PREMIUM	90,859	180,937	94,363	94,773	95,311	96,097
OUTPATIENT HOSPITAL SERVICES	9,616,781	9,652,797	11,362,056	10,886,974	11,009,988	10,557,328
OTHER MEDICAL						
Ambulance and NEMT	1,792,123	1,754,080	2,159,726	2,210,825	2,254,991	2,412,744
Home Health Services & CBAS	970,272	809,536	996,283	547,188	451,622	374,989
Utilization and Quality Review Expenses	776,558	583,384	940,138	1,342,680	785,929	1,393,601
Long Term/SNF/Hospice	2,732,047	9,988,072	8,775,140	8,087,627	4,695,700	8,480,647
Provider Enhancement Expense - Prop. 56	5,430,893	5,482,690	5,503,401	5,566,537	5,561,460	5,630,380
Provider Enhancement Expense - GEMT	496,477	513,773	505,452	469,079	562,775	502,239
Enhanced Care Management	1,428,973	1,778,842	1,790,813	1,814,108	1,811,803	2,586,249
Major Organ Transplant	751,183	712,804	753,883	766,976	758,618	774,606
Cal AIM Incentive Programs	30,326	279,307	295,429	917,196	3,833,523	2,195,256
DME	1,119,968	1,108,882	1,320,219	1,226,194	1,435,049	1,275,704
TOTAL OTHER MEDICAL	15,528,820	23,011,370	23,040,484	22,948,410	22,151,470	25,626,415
PAY FOR PERFORMANCE QUALITY INCENTIVE	498,590	524,238	526,516	529,507	533,873	533,872
HOSPITAL DIRECTED PAYMENTS	21,209,673	21,515,947	21,609,701	21,948,157	21,792,771	22,188,234
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(684,297)	33,520	(869,333)	37,816	123,932	15,555
NON-CLAIMS EXPENSE ADJUSTMENT	(128,832)	3,429	72,961	177,517	(2,449,080)	3,040
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	9,076	32,166	(4,009,312)	(4,430,362)	(4,472,016)	(4,829,330)
Total Medical Costs	99,774,353	105,993,298	106,739,417	108,419,783	103,690,851	107,576,828

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2023	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	YEAR TO DATE 2023
PHYSICIAN SERVICES							
Primary Care Physician Services	4,057,408	3,995,558	3,960,025	4,184,532	3,369,503	4,091,872	48,405,552
Referral Specialty Services	14,306,450	14,487,772	14,834,237	14,803,542	15,438,468	13,148,947	174,915,890
Urgent Care & After Hours Advise	2,114,951	2,126,819	2,508,710	1,660,494	2,441,621	1,909,854	25,108,691
Hospital Admitting Team	9,300	9,300	9,000	9,300	9,000	9,300	109,500
TOTAL PHYSICIAN SERVICES	20,488,109	20,619,449	21,311,972	20,657,868	21,258,592	19,159,973	248,539,633
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	355,915	358,101	355,222	357,871	338,549	344,282	4,190,121
221 - Business Intelligence - UM Allocation *	278,865	285,634	296,637	305,896	357,761	259,281	3,355,236
310 - Health Services - Utilization Management - UM Allocation *	573,715	611,666	589,366	1,021,727	488,149	584,297	7,407,126
311 - Health Services - Quality Improvement - UM Allocation *	206,718	227,323	446,819	375,132	276,744	219,720	3,401,421
312 - Health Services - Education - UM Allocation *	203,829	198,765	207,644	319,646	194,694	207,359	2,551,339
313 - Health Services - Pharmacy - UM Allocation *	77,186	72,378	76,140	125,186	74,590	71,806	971,819
314 - Enhanced Care Management - UM Allocation *	229,403	273,551	273,515	412,850	329,948	286,692	3,214,061
316 - Population Health Management - UM Allocation *	334,283	376,626	371,930	499,787	383,851	378,857	4,341,945
317 - Community Based Services - UM Allocation *	58,113	66,912	71,282	116,845	75,691	80,752	862,631
318 - Housing & Homeless Incentive Program - UM Allocation *	76	(153)	200,000	-	-	(20)	272,859
319 - CalAIM Incentive Payment Program - UM Allocation *	11,528	16,606	15,123	15,715	23,627	16,868	153,962
601 - Behavioral Health - UM Allocation *	34,331	44,857	42,393	46,136	59,153	44,807	369,671
602 - Quality & Health Equity - UM Allocation *	62,428	73,734	73,325	76,872	97,217	71,172	687,746
604 - Clinical Operations, Straegy, and Analytics*	-	-	-	-	101,997	65,689	167,686
605 - Quality Performance*	-	-	-	-	33,793	44,992	78,785
Behavior Health Treatment	1,277,790	2,543,178	1,969,644	1,543,818	2,405,891	2,052,611	22,165,659
Mental Health Services	246,684	204,118	209,930	162,248	66,327	199,971	2,706,114
Other Professional Services	1,492,287	1,477,408	1,192,117	1,022,958	1,431,309	1,310,050	17,325,205
TOTAL OTHER PROFESSIONAL SERVICES	5,443,151	6,830,704	6,391,087	6,402,687	6,739,291	6,239,186	74,223,386
EMERGENCY ROOM	4,984,270	5,600,554	5,694,566	5,063,129	4,921,226	5,539,233	62,781,286
INPATIENT HOSPITAL	22,316,634	20,877,596	24,726,100	25,452,067	23,460,211	30,332,453	279,067,571
REINSURANCE EXPENSE PREMIUM	96,097	96,688	95,910	96,625	91,410	2,098	1,131,168
OUTPATIENT HOSPITAL SERVICES	10,233,407	10,613,553	11,158,217	12,146,983	12,702,928	16,089,590	136,030,602
OTHER MEDICAL							
Ambulance and NEMT	2,238,756	2,359,014	3,325,205	2,757,669	3,590,318	3,353,558	30,209,009
Home Health Services & CBAS	586,872	916,002	721,387	612,929	1,114,894	845,801	8,947,775
Utilization and Quality Review Expenses	788,697	2,133,022	668,619	1,481,065	220,777	1,113,241	12,227,711
Long Term/SNF/Hospice	6,335,360	3,942,751	9,336,639	6,249,427	6,042,894	5,687,565	80,353,869
Provider Enhancement Expense - Prop. 56	5,547,690	5,566,967	5,521,458	5,414,023	5,288,536	5,475,775	65,989,810
Provider Enhancement Expense - GEMT	899,077	868,900	684,302	675,052	660,172	886,031	7,723,329
Enhanced Care Management	1,717,288	2,733,244	1,974,662	1,512,905	2,259,826	2,654,725	24,063,438
Major Organ Transplant	765,681	770,746	817,599	755,216	733,477	762,346	9,123,135
Cal AIM Incentive Programs	2,372,608	2,549,680	2,057,802	2,587,965	6,238,961	5,972,483	29,330,536
DME	1,348,779	1,550,660	1,288,687	1,435,048	1,508,410	1,303,538	15,921,138
TOTAL OTHER MEDICAL	22,600,808	23,390,986	26,396,360	23,481,299	27,658,265	28,055,063	283,889,750
PAY FOR PERFORMANCE QUALITY INCENTIVE	535,512	534,172	529,365	513,772	518,382	523,082	6,300,881
HOSPITAL DIRECTED PAYMENTS	21,822,439	21,933,791	21,801,472	21,376,726	20,754,284	21,621,168	259,574,363
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(15,187)	426,925	(423,787)	4,263	(2,586)	(26,331,918)	(27,685,097)
NON-CLAIMS EXPENSE ADJUSTMENT	639,578	3,672	52,429	(4,730)	(662)	1,576,733	(53,945)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	707,021	438,520	701,159	614,589	784,814	106,835	(14,346,840)
Total Medical Costs	109,851,839	111,366,610	118,434,850	115,805,278	118,886,155	102,913,496	1,309,452,758

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM FOR THE MONTH ENDED DECEMBER 31, 2023	JANUARY 2023	FEBRUARY 2023	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023
PHYSICIAN SERVICES						
Primary Care Physician Services	12.50	10.87	11.32	12.02	11.69	12.38
Referral Specialty Services	42.39	38.73	41.60	41.75	43.56	43.21
Urgent Care & After Hours Advise	6.16	5.28	5.87	6.44	5.83	5.72
Hospital Admitting Team	0.03	0.02	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	61.08	54.90	58.82	60.23	61.10	61.33
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	1.00	0.98	0.98	0.99	0.99	1.00
221 - Business Intelligence - UM Allocation *	0.79	0.70	0.70	0.75	0.78	0.77
310 - Health Services - Utilization Management - UM Allocation *	1.67	1.54	1.63	1.35	1.47	2.44
311 - Health Services - Quality Improvement - UM Allocation *	0.86	0.81	0.95	0.78	0.68	0.64
312 - Health Services - Education - UM Allocation *	0.59	0.58	0.59	0.56	0.59	0.58
313 - Health Services - Pharmacy - UM Allocation *	0.25	0.24	0.23	0.21	0.22	0.21
314 - Enhanced Care Management - UM Allocation *	0.70	0.60	0.70	0.63	0.71	0.68
316 - Population Health Management - UM Allocation *	0.91	0.87	1.04	0.91	1.00	0.96
317 - Community Based Services - UM Allocation *	0.17	0.18	0.20	0.17	0.19	0.21
318 - Housing & Homeless Incentive Program - UM Allocation *	0.09	0.08	0.02	0.02	0.00	(0.00)
319 - CalAIM Incentive Payment Program - UM Allocation *	0.00	0.01	0.03	0.04	0.04	0.02
601 - Behavioral Health - UM Allocation *	0.00	0.00	0.06	0.06	0.03	0.12
602 - Quality & Health Equity - UM Allocation *	0.07	0.09	0.10	0.12	0.15	0.13
604 - Clinical Operations, Strategy, and Analytics*	0.00	0.00	0.00	0.00	0.00	0.00
605 - Quality Performance*	0.00	0.00	0.00	0.00	0.00	0.00
Behavior Health Treatment	3.71	3.84	4.99	4.38	6.77	5.85
Mental Health Services	1.14	0.79	0.79	0.65	0.55	0.72
Other Professional Services	4.57	4.16	4.27	4.58	4.49	4.80
TOTAL OTHER PROFESSIONAL SERVICES	16.53	15.49	17.28	16.21	18.67	19.15
EMERGENCY ROOM	15.63	13.26	14.81	14.91	14.42	15.56
INPATIENT HOSPITAL	68.12	62.39	65.52	67.93	60.08	53.49
REINSURANCE EXPENSE PREMIUM	0.27	0.52	0.27	0.27	0.27	0.27
OUTPATIENT HOSPITAL SERVICES	28.93	27.62	32.37	30.84	30.93	29.57
OTHER MEDICAL						
Ambulance and NEMT	5.39	5.02	6.15	6.26	6.34	6.76
Home Health Services & CBAS	2.92	2.32	2.84	1.55	1.27	1.05
Utilization and Quality Review Expenses	2.34	1.67	2.68	3.80	2.21	3.90
Long Term/SNF/Hospice	8.22	28.58	25.00	22.91	13.19	23.75
Provider Enhancement Expense - Prop. 56	16.34	15.69	15.68	15.77	15.63	15.77
Provider Enhancement Expense - GEMT	1.49	1.47	1.44	1.33	1.58	1.41
Vaccine Incentive Program Expense	0.00	0.00	0.00	0.00	0.00	0.00
Behavioral Health Integration Program	0.00	0.00	0.00	0.00	0.00	0.00
Enhanced Care Management	4.30	5.09	5.10	5.14	5.09	7.24
Major Organ Transplant	2.26	2.04	2.15	2.17	2.13	2.17
Cal AIM Incentive Programs	0.09	0.80	0.84	2.60	10.77	6.15
DME	3.37	3.17	3.76	3.47	4.03	3.57
TOTAL OTHER MEDICAL	46.72	65.84	65.64	65.01	62.24	71.78
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	1.50	1.50	1.50	1.50
HOSPITAL DIRECTED PAYMENTS	63.81	61.56	61.56	62.18	61.23	62.15
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(2.06)	0.10	(2.48)	0.11	0.35	0.04
NON-CLAIMS EXPENSE ADJUSTMENT	(0.39)	0.01	0.21	0.50	(6.88)	0.01
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.03	0.09	(11.42)	(12.55)	(12.56)	(13.53)
Total Medical Costs	300.18	303.28	304.09	307.13	291.34	301.33

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM FOR THE MONTH ENDED DECEMBER 31, 2023	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	YEAR TO DATE 2023
PHYSICIAN SERVICES							
Primary Care Physician Services	11.41	11.20	11.25	12.15	9.75	11.73	11.52
Referral Specialty Services	40.25	40.60	42.14	43.00	44.67	37.71	41.63
Urgent Care & After Hours Advise	5.95	5.96	7.13	4.82	7.07	5.48	5.98
Hospital Admitting Team	0.03	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	57.64	57.78	60.54	60.00	61.51	54.94	59.15
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	1.00	1.00	1.01	1.04	0.98	0.99	1.00
221 - Business Intelligence - UM Allocation *	0.78	0.80	0.84	0.89	1.04	0.74	0.80
310 - Health Services - Utilization Management - UM Allocation *	1.61	1.71	1.67	2.97	1.41	1.68	1.76
311 - Health Services - Quality Improvement - UM Allocation *	0.58	0.64	1.27	1.09	0.80	0.63	0.81
312 - Health Services - Education - UM Allocation *	0.57	0.56	0.59	0.93	0.56	0.59	0.61
313 - Health Services - Pharmacy - UM Allocation *	0.22	0.20	0.22	0.36	0.22	0.21	0.23
314 - Enhanced Care Management - UM Allocation *	0.65	0.77	0.78	1.20	0.95	0.82	0.76
316 -Population Health Management - UM Allocation *	0.94	1.06	1.06	1.45	1.11	1.09	1.03
317 - Community Based Services - UM Allocation *	0.16	0.19	0.20	0.34	0.22	0.23	0.21
318 - Housing & Homeless Incentive Program - UM Allocation *	0.00	(0.00)	0.57	0.00	0.00	(0.00)	0.06
319 - CalAIM Incentive Payment Program - UM Allocation *	0.03	0.05	0.04	0.05	0.07	0.05	0.04
601 - Behavioral Health - UM Allocation *	0.10	0.13	0.12	0.13	0.17	0.13	0.09
602 - Quality & Health Equity - UM Allocation *	0.18	0.21	0.21	0.22	0.28	0.20	0.16
604 - Clinical Operations, Strategy, and Analytics*	0.00	0.00	0.00	0.00	0.30	0.19	0.04
605 - Quality Performance*	0.00	0.00	0.00	0.00	0.10	0.13	0.02
Behavior Health Treatment	3.59	7.13	5.59	4.48	6.96	5.89	5.28
Mental Health Services	0.69	0.57	0.60	0.47	0.19	0.57	0.64
Other Professional Services	4.20	4.14	3.39	2.97	4.14	3.76	4.12
TOTAL OTHER PROFESSIONAL SERVICES	15.31	19.14	18.15	18.60	19.50	17.89	17.66
EMERGENCY ROOM	14.02	15.69	16.18	14.71	14.24	15.88	14.94
INPATIENT HOSPITAL	62.78	58.50	70.24	73.93	67.88	86.98	66.42
REINSURANCE EXPENSE PREMIUM	0.27	0.27	0.27	0.28	0.26	0.01	0.27
OUTPATIENT HOSPITAL SERVICES	28.79	29.74	31.70	35.28	36.76	46.14	32.37
OTHER MEDICAL							
Ambulance and NEMT	6.30	6.61	9.45	8.01	10.39	9.62	7.19
Home Health Services & CBAS	1.65	2.57	2.05	1.78	3.23	2.43	2.13
Utilization and Quality Review Expenses	2.22	5.98	1.90	4.30	0.64	3.19	2.91
Long Term/SNF/Hospice	17.82	11.05	26.52	18.15	17.49	16.31	19.12
Provider Enhancement Expense - Prop. 56	15.61	15.60	15.68	15.73	15.30	15.70	15.71
Provider Enhancement Expense - GEMT	2.53	2.43	1.94	1.96	1.91	2.54	1.84
Vaccine Incentive Program Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Behavioral Health Integration Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enhanced Care Management	4.83	7.66	5.61	4.39	6.54	7.61	5.73
Major Organ Transplant	2.15	2.16	2.32	2.19	2.12	2.19	2.17
Cal AIM Incentive Programs	6.67	7.14	5.85	7.52	18.05	17.13	6.98
DME	3.79	4.35	3.66	4.17	4.36	3.74	3.79
TOTAL OTHER MEDICAL	63.58	65.54	74.98	68.20	80.03	80.45	67.56
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.51	1.50	1.50	1.49	1.50	1.50	1.50
HOSPITAL DIRECTED PAYMENTS	61.39	61.46	61.93	62.09	60.05	62.00	61.78
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(0.04)	1.20	(1.20)	0.01	(0.01)	(75.51)	(6.59)
NON-CLAIMS EXPENSE ADJUSTMENT	1.80	0.01	0.15	(0.01)	(0.00)	4.52	(0.01)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	1.99	1.23	1.99	1.79	2.27	0.31	(3.41)
Total Medical Costs	309.05	312.06	336.43	336.37	344.01	295.12	311.64

KHS4/4/2024
Management Use Only

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED DECEMBER 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
720,433	503,778	(216,655)	110 - Executive	7,487,553	6,120,367	(1,367,186)
261,717	269,724	8,007	210 - Accounting	3,089,070	3,236,693	147,623
271,674	388,290	116,616	220 - Management Information Systems	4,131,362	4,659,478	528,116
32,405	26,642	(5,763)	221 - Business Intelligence	466,671	319,694	(146,977)
402,342	421,256	18,914	222 - Enterprise Development	4,620,182	5,055,071	434,889
200,987	201,164	177	223 - Enterprise Configuration	2,069,153	2,413,968	344,815
867,405	675,880	(191,525)	225 - Infrastructure	7,961,175	8,110,553	149,378
627,569	690,414	62,845	230 - Claims	8,004,852	8,284,959	280,107
323,256	272,021	(51,235)	240 - Project Management	3,302,904	3,264,244	(38,660)
117,347	145,307	27,960	310 - Health Services - Utilization Management	2,119,282	1,743,684	(375,598)
282	51,625	51,343	311 - Health Services - Quality Improvement	8,403	619,500	611,097
-	143	143	312 - Health Services - Education	231	1,716	1,485
26,445	70,663	44,218	313- Pharmacy	529,117	847,956	318,839
7,262	3,292	(3,970)	314 - Enhanced Care Management	36,762	39,504	2,742
78,994	78,415	(579)	316 -Population Health Management	900,261	940,980	40,719
-	1,218	1,218	317 - Community Based Services	767	14,616	13,849
-	31,941	31,941	318 - Housing & Homeless Incentive Program	-	383,292	383,292
-	134,370	134,370	319 - CAL AIM Incentive Payment Program (IPP)	461,580	1,612,440	1,150,860
-	947	947	601 - Behavioral Health	-	11,364	11,364
525	4,315	3,790	602 - Quality & Health Equity	21,801	51,780	29,979
-	-	-	604 - Clinical Operations, Straegy, and Analytics	-	-	-
-	-	-	605 - Quality Performance	-	-	-
330,212	345,411	15,199	320 - Provider Network Management	4,209,018	4,144,932	(64,086)
1,257,257	1,205,474	(51,783)	330 - Member Services	12,148,136	14,465,687	2,317,551
930,872	871,256	(59,616)	340 - Corporate Services	11,272,773	10,455,072	(817,701)
182,380	145,475	(36,905)	360 - Audit & Investigative Services	2,076,613	1,745,700	(330,913)
136,723	56,416	(80,307)	410 - Member Engagement	1,078,435	676,992	(401,443)
155,476	210,572	55,096	420 - Sales/Marketing/Public Relations	2,234,047	2,526,864	292,817
62,424	361,965	299,541	510 - Human Resourses	4,092,591	4,343,580	250,989
1,580,392	(141,666)	(1,722,058)	Administrative Expense Adjustment	3,727,294	(1,700,000)	(5,427,294)
8,574,379	7,026,308	(1,548,071)	Total Administrative Expenses	86,050,034	84,390,686	(1,659,348)

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2023	JANUARY 2023	FEBRUARY 2023	MARCH 2023	APRIL 2023	MAY 2023	JUNE 2023
110 - Executive	687,266	488,878	631,414	573,435	605,342	763,935
210 - Accounting	228,231	226,501	220,815	257,429	255,614	247,295
220 - Management Information Systems (MIS)	365,046	378,747	348,807	339,302	365,330	355,130
221 - Business Intelligence	63,805	672	10,109	15,308	26,942	22,540
222 - Enterprise Development	353,608	328,061	331,145	334,228	376,413	412,669
223 - Enterprise Configuration	104,241	216,683	121,896	146,738	136,105	171,714
225 - Infrastructure	412,631	771,628	668,401	676,609	498,225	515,544
230 - Claims	620,932	609,445	645,581	630,955	672,659	645,714
240 - Project Management	140,118	191,244	253,669	237,154	320,496	264,636
310 - Health Services - Utilization Management	194,388	186,938	208,456	255,118	260,301	(106,448)
311 - Health Services - Quality Improvement	89	90	(97)	1,758	598	783
312 - Health Services - Education	88	297	(8)	417	89	385
313- Pharmacy	39,747	39,846	37,420	25,750	36,574	122,778
314 - Enhanced Care Management	475	20,697	(112)	7,231	(223)	829
316 -Population Health Management	62,921	63,361	75,452	67,203	74,045	71,685
317 - Community Based Services	165	821	(711)	22	5	29
318 - Housing & Homeless Incentive Program	-	1,200	(1,185)	6	6	23
319 - CAL AIM Incentive Payment Program (IPP)	-	84,699	51,654	42,927	-	97,232
601 - Behavioral Health	-	-	-	-	11,639	(11,571)
602 - Quality & Health Equity	-	1,665	-	-	(1,665)	194
320 - Provider Network Management	317,123	285,888	388,095	306,789	329,256	327,933
330 - Member Services	802,035	804,897	998,660	856,559	908,944	1,002,188
340 - Corporate Services	892,136	958,999	902,329	890,795	984,437	921,752
360 - Audit & Investigative Services	138,360	130,101	142,110	145,775	140,250	157,915
410 - Member Engagement	68,972	61,237	45,193	56,083	69,262	27,762
420 - Sales/Marketing/Public Relations	60,714	98,793	207,085	121,647	169,876	370,758
510 - Human Resources	362,364	315,305	331,059	346,987	344,312	379,592
Total Department Expenses	5,915,456	6,266,693	6,617,237	6,336,225	6,584,832	6,762,996
ADMINISTRATIVE EXPENSE ADJUSTMENT	109,675	301,496	320,296	300,000	300,950	501,326
Total Administrative Expenses	6,025,131	6,568,189	6,937,533	6,636,225	6,885,782	7,264,322

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2023	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	YEAR TO DATE 2023
110 - Executive	537,480	554,501	589,441	615,688	719,740	720,433	7,487,553
210 - Accounting	254,446	260,708	241,094	298,742	336,478	261,717	3,089,070
220 - Management Information Systems (MIS)	300,962	346,145	309,488	341,003	409,728	271,674	4,131,362
221 - Business Intelligence	(10,946)	55,044	10,407	33,085	207,300	32,405	466,671
222 - Enterprise Development	370,744	410,421	413,359	419,658	467,534	402,342	4,620,182
223 - Enterprise Configuration	181,934	171,194	164,140	202,802	250,719	200,987	2,069,153
225 - Infrastructure	851,074	671,727	761,903	578,661	687,367	867,405	7,961,175
230 - Claims	601,430	591,293	676,078	742,776	940,420	627,569	8,004,852
240 - Project Management	198,543	275,339	319,567	378,484	400,398	323,256	3,302,904
310 - Health Services - Utilization Management	180,999	179,406	206,469	178,405	257,903	117,347	2,119,282
311 - Health Services - Quality Improvement	471	(1,012)	(336)	76	5,701	282	8,403
312 - Health Services - Education	262	(1,093)	(206)	-	-	-	231
313- Pharmacy	37,659	35,247	37,033	54,125	36,493	26,445	529,117
314 - Enhanced Care Management	366	(1,236)	882	277	314	7,262	36,762
316 -Population Health Management	69,897	76,157	76,989	103,493	80,064	78,994	900,261
317 - Community Based Services	209	(162)	-	1,663	(1,274)	-	767
318 - Housing & Homeless Incentive Program	25	(75)	-	-	-	-	-
319 - CAL AIM Incentive Payment Program (IPP)	45,332	9,851	110,045	72,320	(52,480)	-	461,580
601 - Behavioral Health	-	(68)	-	-	-	-	-
602 - Quality & Health Equity	20	(41)	20,083	403	617	525	21,801
320 - Provider Network Management	362,501	357,061	338,081	379,808	486,271	330,212	4,209,018
330 - Member Services	960,300	1,041,329	989,617	968,800	1,557,550	1,257,257	12,148,136
340 - Corporate Services	943,747	1,018,956	926,670	879,023	1,023,057	930,872	11,272,773
360 - Audit & Investigative Services	171,929	191,794	194,623	243,004	238,372	182,380	2,076,613
410 - Member Engagement	78,964	113,512	141,555	94,610	184,562	136,723	1,078,435
420 - Sales/Marketing/Public Relations	119,606	255,433	254,996	213,868	205,795	155,476	2,234,047
510 - Human Resources	445,841	332,855	369,133	358,201	444,518	62,424	4,092,591
Total Department Expenses	6,703,795	6,944,286	7,151,111	7,158,975	8,887,147	6,993,987	82,322,740
ADMINISTRATIVE EXPENSE ADJUSTMENT	300,183	12,969	267	-	(260)	1,580,392	3,727,294
Total Administrative Expenses	7,003,978	6,957,255	7,151,378	7,158,975	8,886,887	8,574,379	86,050,034

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF DECEMBER 31, 2023			
ASSETS	DECEMBER 2023	NOVEMBER 2023	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,171,884	\$ 1,163,609	8,275
Interest Receivable	11,795	6,000	5,795
TOTAL CURRENT ASSETS	\$ 1,183,679	\$ 1,169,609	\$ 14,070
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	\$ -	\$ -	\$ -
NET POSITION:			
Net Position- Beg. of Year	1,130,625	1,130,625	-
Increase (Decrease) in Net Position - Current Year	53,054	38,984	14,070
Total Net Position	\$ 1,183,679	\$ 1,169,609	\$ 14,070
TOTAL LIABILITIES AND NET POSITION	\$ 1,183,679	\$ 1,169,609	\$ 14,070

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2023			YEAR-TO-DATE		
ENROLLMENT								
-	-	-	Members			-	-	-
REVENUES								
-	-	-	Premium			-	-	-
5,795	-	5,795	Interest			39,081	-	39,081
8,275	-	8,275	Other Investment Income			13,973	-	13,973
14,070	-	14,070	TOTAL REVENUES			53,054	-	53,054
EXPENSES								
-	-	-	Medical Costs			-	-	-
-	-	-	IBNR and Paid Claims Adjustment			-	-	-
-	-	-	Total Medical Costs			-	-	-
14,070	-	14,070	GROSS MARGIN			53,054	-	53,054
Administrative								
-	-	-	Management Fee Expense and Other Admin Exp			-	-	-
-	-	-	Total Administrative Expenses			-	-	-
-	-	-	TOTAL EXPENSES			-	-	-
14,070	-	14,070	OPERATING INCOME (LOSS)			53,054	-	53,054
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)			-	-	-
14,070	-	14,070	NET INCREASE (DECREASE) IN NET POSITION			53,054	-	53,054
0%	0%	0%	MEDICAL LOSS RATIO			0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO			0%	0%	0%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

		2023 MEMBER MONTHS	JAN'23	FEB'23	MAR'23	APR'23	MAY'23	JUN'23	JULY'23	AUG'23	SEPT'23	OCT'23	NOV'23	DEC'23
MEDI-CAL														
ADULT AND FAMILY														
ADULT	783,970	58,409	65,757	66,276	66,418	67,971	67,525	66,503	67,740	65,809	64,032	63,616	63,914	
CHILD	1,753,298	149,881	145,505	145,753	146,329	146,573	147,108	146,933	146,846	145,234	143,582	143,966	145,588	
SUB-TOTAL ADULT & FAMILY	2,537,268	208,290	211,262	212,029	212,747	214,544	214,633	213,436	214,586	211,043	207,614	207,582	209,502	
OTHER MEMBERS														
PARTIAL DUALS - FAMILY	9,744	851	875	903	822	853	818	837	787	756	740	800	702	
PARTIAL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0	
PARTIAL DUALS - BCCTP	120	6	10	10	10	16	11	12	10	8	9	8	10	
FULL DUALS (SPD)														
SPD FULL DUALS	245,045	9,649	20,632	21,019	21,092	21,349	21,374	21,218	21,406	21,540	21,551	21,855	22,360	
SUBTOTAL OTHER MEMBERS	254,909	10,506	21,517	21,932	21,924	22,218	22,203	22,067	22,203	22,304	22,300	22,663	23,072	
TOTAL FAMILY & OTHER	2,792,177	218,796	232,779	233,961	234,671	236,762	236,836	235,503	236,789	233,347	229,914	230,245	232,574	
SPD														
SPD (AGED AND DISABLED)	220,960	17,442	18,453	18,522	18,599	18,398	18,515	18,518	18,448	18,443	18,180	18,398	19,044	
MEDI-CAL EXPANSION														
ACA Expansion Adult-Citizen	1,163,977	94,512	96,241	96,427	97,590	98,512	99,338	99,216	99,510	98,130	94,244	95,031	95,226	
ACA Expansion Duals	20,140	1,637	1,613	1,703	1,746	1,842	1,908	1,809	1,716	1,720	1,539	1,486	1,421	
SUB-TOTAL MED-CAL EXPANSION	1,184,117	96,149	97,854	98,130	99,336	100,354	101,246	101,025	101,226	99,850	95,783	96,517	96,647	
LONG TERM CARE (LTC)														
LTC	364	27	-1	33	34	35	38	35	35	40	24	29	35	
LTC DUALS	4,158	0	380	364	365	366	373	367	383	359	381	399	421	
TOTAL LTC	4,522	27	379	397	399	401	411	402	418	399	405	428	456	
TOTAL KAISER	186,108	14,759	14,960	15,308	15,562	15,699	15,881	15,869	15,966	15,838	15,617	15,423	15,226	
TOTAL MEDI-CAL MEMBERS	4,387,884	347,173	364,425	366,318	368,567	371,614	372,889	371,317	372,847	367,877	359,899	361,011	363,947	



MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Robert Landis, Chief Financial Officer
SUBJECT: January 2024 Financial Results
DATE: April 12, 2024

The January results reflect a \$2,616,800 Net Increase in Net Position which is a \$1,813,579 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$6.6 million unfavorable variance primarily due to:
 - A) \$1.1 million unfavorable variance in Premium Revenue primarily due to unfavorable **timing differences** on waiting for DHCS approval under the CalAim Incentive Payment Program and the Student Behavioral Health Incentive Program.
 - B) \$7.3 million unfavorable variance in MCO Tax Premium primarily due to receiving revised MCO Tax information from DHCS offset against a favorable variance included in the MCO Tax Expense line item on the Income Statement for the same amount.
 - C) \$1.3 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rate information from DHCS offset against amounts included in 2D below.

- 2) Total Medical Costs reflect a \$.3 million favorable variance primarily due to:
 - A) \$2.2 million favorable variance in Other Professional Services primarily due to the timing of hiring 2024 Budgeted Utilization Management Employees during the first quarter of 2024.
 - B) \$1.0 million unfavorable variance in Inpatient primarily due to higher-than-expected utilization during the month of January by SPD members.
 - C) \$.7 million favorable variance in Other Medical primarily due to timing differences relating to issuing member incentive gift cards.
 - D) \$1.3 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information offset against amounts included in 1C above.

The January Medical Loss Ratio is 91.5% which is favorable to the 92.3% budgeted amount. The January Administrative Expense Ratio is 5.9% which is slightly unfavorable to the 5.7% budgeted amount.



**Financial Packet
January 2024**

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

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**MEDI-CAL
STATEMENT OF NET POSITION
AS OF JANUARY 31, 2024**

ASSETS	January	December	Increase/ (Decrease)
Cash and Cash Equivalents	190,265,601	115,782,242	74,483,359
Short-Term Investments	309,754,179	406,068,694	(96,314,515)
Premiums Receivable	105,661,795	76,374,079	29,287,715
Premiums Receivable - MCO Tax	405,475,994	360,000,786	45,475,208
Premiums Receivable - Hospital Directed Payments	486,352,051	462,027,514	24,324,537
Interest Receivable	138,013	413,845	(275,832)
Provider Advance Payment	537,974	544,248	(6,274)
Other Receivables	1,362,944	1,301,396	61,548
Prepaid Expenses & Other Current Assets	7,723,254	6,561,514	1,161,739
Total Current Assets	1,507,271,804	1,429,074,318	78,197,485
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,048,794	1,017,404	31,390
Computer Equipment - Net	20,242,666	18,637,824	1,604,842
Building and Improvements - Net	33,123,383	33,101,870	21,513
Capital Projects In Process	882,182	2,295,294	(1,413,113)
Total Capital Assets	59,387,731	59,143,099	244,633
Restricted Assets	300,000	300,000	-
Officer Life Insurance Receivables	1,653,788	1,653,788	-
Total Long-Term Assets	1,953,788	1,953,788	-
Deferred Outflow of Resources	8,425,634	8,425,634	-
Total Assets and Deferred Outflows of Resources	1,577,038,957	1,498,596,839	78,442,118
CURRENT LIABILITIES			
Accrued Salaries and Benefits	6,352,760	5,609,620	743,140
Accrued Other Operating Expenses	5,882,262	5,966,734	(84,472)
MCO Tax Payable	415,975,589	376,495,887	39,479,703
Claims Payable (Reported)	14,580,120	18,170,423	(3,590,303)
IBNR - Inpatient Claims	70,678,932	67,512,856	3,166,077
IBNR - Physician Claims	21,088,370	20,579,692	508,678
IBNR - Accrued Other Medical	36,655,966	35,468,070	1,187,896
Risk Pool and Withholds Payable	5,507,584	6,253,771	(746,187)
Allowance for Claims Processing Expense	3,776,682	3,776,682	-
Other Liabilities	114,259,697	103,723,449	10,536,248
Accrued Hospital Directed Payments	486,352,051	462,027,514	24,324,537
Total Current Liabilities	1,181,110,013	1,105,584,695	75,525,318
NONCURRENT LIABILITIES			
Net Pension Liability	12,965,462	12,665,462	300,000
Total NonCurrent Liabilities	12,965,462	12,665,462	300,000
Deferred Inflow of Resources	158,303	158,303	-
NET POSITION:			
Net Position at Beginning of Year	380,188,379	318,756,311	61,432,068
Increase (Decrease) in Net Position - Current Year	2,616,800	61,432,068	(58,815,268)
Total Net Position	382,805,179	380,188,379	2,616,800
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	1,577,038,957	1,498,596,839	78,442,118



MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2024

	January	Budget	Variance	Year to date Month 1	Budget	Variance
Family Members	242,848	253,144	(10,296)	242,848	253,144	(10,296)
Expansion Members	117,232	117,811	(579)	117,232	117,811	(579)
SPD Members	21,942	20,927	1,015	21,942	20,927	1,015
LTC Members	489	555	(66)	489	555	(66)
Other Members	22,324	24,164	(1,840)	22,324	24,164	(1,840)
Total Members - MCAL	404,835	416,600	(11,765)	404,835	416,600	(11,765)

REVENUES

Medicaid - Family and Other	53,027,216	54,523,713	(1,496,497)	53,027,216	54,523,713	(1,496,497)
Medicaid - Expansion Members	46,811,852	47,288,398	(476,546)	46,811,852	47,288,398	(476,546)
Medicaid - SPD Members	23,417,694	22,008,125	1,409,569	23,417,694	22,008,125	1,409,569
Medicaid - LTC Members	3,975,666	4,470,309	(494,642)	3,975,666	4,470,309	(494,642)
Premium - MCO Tax	39,388,230	46,650,868	(7,262,638)	39,388,230	46,650,868	(7,262,638)
Premium - Hospital Directed Payments	24,282,372	22,944,345	1,338,026	24,282,372	22,944,345	1,338,026
Investment Earnings And Other Income	2,539,805	2,137,284	402,521	2,539,805	2,137,284	402,521
Reinsurance Recoveries	-	116,648	(116,648)	-	116,648	(116,648)
Rate Adjustments - Hospital Directed Payments	42,165	-	42,165	42,165	-	42,165
Rate/Income Adjustments	83,075	-	83,075	83,075	-	83,075
Total Revenues	193,568,075	200,139,691	(6,571,615)	193,568,075	200,139,691	(6,571,615)

EXPENSES
MEDICAL COSTS

Physician Services	30,082,718	30,313,724	231,006	30,082,718	30,313,724	231,006
Other Professional Services	13,699,554	15,895,218	2,195,664	13,699,554	15,895,218	2,195,664
Emergency Room	6,905,833	6,760,402	(145,432)	6,905,833	6,760,402	(145,432)
Inpatient	30,185,040	29,181,341	(1,003,700)	30,185,040	29,181,341	(1,003,700)
Reinsurance Expense	96,765	116,648	19,883	96,765	116,648	19,883
Outpatient Hospital	13,495,747	13,468,482	(27,265)	13,495,747	13,468,482	(27,265)
Other Medical	23,466,463	24,184,348	717,885	23,466,463	24,184,348	717,885
Pay for Performance Quality Incentive	607,242	624,900	17,658	607,242	624,900	17,658
Hospital Directed Payments	24,282,372	22,944,345	(1,338,026)	24,282,372	22,944,345	(1,338,026)
Hospital Directed Payment Adjustment	42,165	-	(42,165)	42,165	-	(42,165)
Non-Claims Expense Adjustment	141,502	-	(141,502)	141,502	-	(141,502)
IBNR, Incentive, Paid Claims Adjustment	164,572	-	(164,572)	164,572	-	(164,572)
Total Medical Costs	143,169,973	143,489,408	319,434	143,169,973	143,489,408	319,434
GROSS MARGIN	50,398,102	56,650,283	(6,252,181)	50,398,102	56,650,283	(6,252,181)

ADMINISTRATIVE COSTS

Compensation	3,586,265	4,098,286	512,021	3,586,265	4,098,286	512,021
Purchased Services	2,026,416	1,739,891	(286,525)	2,026,416	1,739,891	(286,525)
Supplies	354,637	372,344	17,708	354,637	372,344	17,708
Depreciation	725,712	710,921	(14,791)	725,712	710,921	(14,791)
Other Administrative Expenses	663,019	554,843	(108,176)	663,019	554,843	(108,176)
Administrative Expense Adjustment	258,024	-	(258,024)	258,024	-	(258,024)
Total Administrative Expenses	7,614,072	7,476,286	(137,787)	7,614,072	7,476,286	(137,787)
TOTAL EXPENSES	150,784,046	150,965,693	181,647	150,784,046	150,965,693	181,647
OPERATING INCOME (LOSS) BEFORE TAX	42,784,029	49,173,997	(6,389,968)	42,784,029	49,173,997	(6,389,968)
MCO TAX	39,388,230	46,650,868	7,262,638	39,388,230	46,650,868	7,262,638
OPERATING INCOME (LOSS) NET OF TAX	3,395,799	2,523,129	872,670	3,395,799	2,523,129	872,670

NON-OPERATING REVENUE (EXPENSE)

Gain on Sale of Assets	-	-	-	-	-	-
Provider Grants/CalAIM/Home Health	(454,380)	(859,954)	405,574	(454,380)	(859,954)	405,574
D-SNP Expenses	(324,620)	(859,954)	535,334	(324,620)	(859,954)	535,334
Total Non-Operating Revenue (Expense)	(778,999)	(1,719,908)	940,909	(778,999)	(1,719,908)	940,909
NET INCREASE (DECREASE) IN NET POSITION	2,616,800	803,222	1,813,579	2,616,800	803,222	1,813,579
MEDICAL LOSS RATIO	91.5%	92.3%	0.8%	91.5%	92.3%	0.8%
ADMINISTRATIVE EXPENSE RATIO	5.9%	5.7%	-0.1%	5.9%	5.7%	-0.1%



MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2024

	January	Budget	Variance	Year to Date	Budget	Variance
Family Members	242,848	253,144	(10,296)	242,848	253,144	(10,296)
Expansion Members	117,232	117,811	(579)	117,232	117,811	(579)
SPD Members	21,942	20,927	1,015	21,942	20,927	1,015
LTC Members	489	555	(66)	489	555	(66)
Other Members	22,324	24,164	(1,840)	22,324	24,164	(1,840)
Total Members - MCAL	404,835	416,600	(11,765)	404,835	416,600	(11,765)
REVENUES						
Medicaid - Family and Other	199.97	196.62	3.35	199.97	196.62	3.35
Medicaid - Expansion Members	399.31	401.39	(2.08)	399.31	401.39	(2.08)
Medicaid - SPD Members	1,067.25	1,051.67	15.59	1,067.25	1,051.67	15.59
Medicaid - LTC Members	8,130.20	8,058.24	71.96	8,130.20	8,058.24	71.96
Premium - MCO Tax	1,764.39	1,930.63	(166.24)	1,764.39	1,930.63	(166.24)
Premium - Hospital Directed Payments	59.98	55.08	4.91	59.98	55.08	4.91
Investment Earnings And Other Income	6.27	5.13	1.14	6.27	5.13	1.14
Reinsurance Recoveries	-	0.28	(0.28)	-	0.28	(0.28)
Rate Adjustments - Hospital Directed Payments	0.10	-	0.10	0.10	-	0.10
Rate/Income Adjustments	0.21	-	0.21	0.21	-	0.21
Total Revenues	478.14	480.41	(2.27)	478.14	480.41	(2.27)
EXPENSES						
MEDICAL COSTS						
Physician Services	74.31	72.76	(1.54)	74.31	72.76	(1.54)
Other Professional Services	33.84	38.15	4.31	33.84	38.15	4.31
Emergency Room	17.06	16.23	(0.83)	17.06	16.23	(0.83)
Inpatient	74.56	70.05	(4.51)	74.56	70.05	(4.51)
Reinsurance Expense	0.24	0.28	0.04	0.24	0.28	0.04
Outpatient Hospital	33.34	32.33	(1.01)	33.34	32.33	(1.01)
Other Medical	57.97	58.05	0.09	57.97	58.05	0.09
Pay for Performance Quality Incentive	1.50	1.50	0.00	1.50	1.50	0.00
Hospital Directed Payments	59.98	55.08	(4.91)	59.98	55.08	(4.91)
Hospital Directed Payment Adjustment	0.10	-	(0.10)	0.10	-	(0.10)
Non-Claims Expense Adjustment	0.35	-	(0.35)	0.35	-	(0.35)
IBNR, Incentive, Paid Claims Adjustment	0.41	-	(0.41)	0.41	-	(0.41)
Total Medical Costs	353.65	344.43	(9.22)	353.65	344.43	(9.22)
GROSS MARGIN	124.49	135.98	(11.49)	124.49	135.98	(11.49)
ADMINISTRATIVE COSTS						
Compensation	8.86	9.84	0.98	8.86	9.84	0.98
Purchased Services	5.01	4.18	(0.83)	5.01	4.18	(0.83)
Supplies	0.88	0.89	0.02	0.88	0.89	0.02
Depreciation	1.79	1.71	(0.09)	1.79	1.71	(0.09)
Other Administrative Expenses	1.64	1.33	(0.31)	1.64	1.33	(0.31)
Administrative Expense Adjustment	0.64	-	(0.64)	0.64	-	(0.64)
Total Administrative Expenses	18.81	17.95	(0.86)	18.81	17.95	(0.86)
TOTAL EXPENSES	372.46	362.38	(10.08)	372.46	362.38	(10.08)
OPERATING INCOME (LOSS) BEFORE TAX	105.68	118.04	(12.35)	105.68	118.04	(12.35)
MCO TAX	97.29	111.98	14.69	97.29	111.98	14.69
OPERATING INCOME (LOSS) NET OF TAX	8.39	6.06	2.33	8.39	6.06	2.33
NON-OPERATING REVENUE (EXPENSE)						
Provider Grants/CalAIM/Home Health	(0.80)	(2.06)	1.26	(0.80)	(2.06)	1.26
D-SNP Expenses	(1.12)	(2.06)	0.94	(1.12)	(2.06)	0.94
Total Non-Operating Revenue (Expense)	(1.92)	(4.13)	2.20	(1.92)	(4.13)	2.20
NET INCREASE (DECREASE) IN NET POSITION	6.46	1.93	4.54	6.46	1.93	4.54
MEDICAL LOSS RATIO	-21.8%	-19.2%	2.6%	-21.8%	-19.2%	2.6%
ADMINISTRATIVE EXPENSE RATIO	-1.4%	-1.2%	0.2%	-1.4%	-1.2%	0.2%

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MEDI-CAL - ALL COA
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES
 IN NET POSITION BY QUARTER
 ROLLING 4 QUARTERS
 FOR THE MONTH ENDED JANUARY 31, 2024



	2023 - Q1	2023 - Q2	2023 - Q3	2023 - Q4	Rolling 4-Quarter Totals	CURRENT QUARTER 2024 - Q1
Total Members - MCAL	1,032,889	1,065,928	1,064,368	1,038,591	4,201,776	404,835
REVENUES						
Medicaid - Family and Other	120,321,770	131,416,191	130,829,220	119,336,194	501,903,375	53,027,216
Medicaid - Expansion Members	107,922,635	113,614,490	114,676,254	97,694,167	433,907,546	46,811,852
Medicaid - SPD Members	56,200,407	58,314,893	58,948,915	59,165,633	232,629,847	23,417,694
Medicaid - LTC Members	5,984,210	9,124,896	9,102,869	9,599,451	33,811,426	3,975,666
Premium - MCO Tax	-	-	-	375,849,146	375,849,146	39,388,230
Premium - Hospital Directed Payments	64,335,321	65,929,161	65,557,702	63,752,178	259,574,363	24,282,372
Investment Earnings And Other Income	4,178,417	3,451,390	4,444,990	9,031,183	21,105,981	2,539,805
Rate Adjustments - Hospital Directed Payments	(617,962)	58,880	545,253	(26,268,027)	(26,268,027)	42,165
Rate/Income Adjustments	496,782	2,689,620	2,190,288	495,587	5,872,277	83,075
Total Revenues	358,821,583	384,599,520	386,295,491	708,655,511	1,838,372,105	193,568,075
EXPENSES						
MEDICAL COSTS						
Physician Services	60,138,058	64,905,613	62,419,530	61,076,433	248,539,633	30,082,718
Other Professional Services	16,974,710	19,202,567	18,664,943	19,381,164	74,223,384	13,699,554
Emergency Room	15,028,917	15,949,392	16,279,390	15,523,588	62,781,286	6,905,833
Inpatient	67,442,872	64,459,638	67,920,330	79,244,732	279,067,571	30,185,040
Reinsurance Expense	366,159	286,181	288,694	190,133	1,131,168	96,765
Outpatient Hospital	30,631,634	32,454,291	32,005,177	40,939,501	136,030,602	13,495,747
Other Medical	61,580,673	70,726,296	72,388,155	79,194,627	283,889,750	23,466,463
Pay for Performance Quality Incentive	1,549,344	1,597,253	1,599,049	1,555,236	6,300,881	607,242
Hospital Directed Payments	64,335,321	65,929,161	65,557,702	63,752,178	259,574,363	24,282,372
Hospital Directed Payment Adjustment	(1,520,110)	177,303	(12,049)	(26,330,241)	(27,685,097)	42,165
Non-Claims Expense Adjustment	(52,442)	(2,268,523)	695,678	1,571,341	(53,945)	141,502
IBNR, Incentive, Paid Claims Adjustment	(3,968,070)	(13,731,707)	1,846,700	1,506,238	(14,346,840)	164,572
Total Medical Costs	312,507,065	319,687,464	339,653,299	337,604,928	1,309,452,755	143,169,973
GROSS MARGIN	46,314,517	64,912,057	46,642,192	371,050,583	528,919,349	50,398,102
ADMINISTRATIVE COSTS						
Compensation	10,793,705	11,028,203	11,815,434	13,584,268	47,221,610	3,586,265
Purchased Services	4,006,386	4,875,634	4,614,262	5,339,166	18,835,448	2,026,416
Supplies	355,217	278,251	801,939	680,996	2,116,403	354,637
Depreciation	2,042,124	2,055,327	2,073,030	2,099,363	8,269,844	725,712
Other Administrative Expenses	1,601,959	1,446,637	1,797,993	1,406,817	6,253,406	663,019
Administrative Expense Adjustment	731,466	1,102,277	9,949	1,580,132	3,423,824	258,024
Total Administrative Expenses	19,530,857	20,786,329	21,112,607	24,690,742	86,120,535	7,614,072
TOTAL EXPENSES	332,037,922	340,473,793	360,765,906	362,295,670	1,395,573,290	150,784,046
OPERATING INCOME (LOSS) BEFORE TAX	26,783,660	44,125,728	25,529,585	346,359,841	442,798,814	42,784,029
MCO TAX	-	-	-	376,495,887	376,495,887	39,388,230
OPERATING INCOME (LOSS) NET OF TAX	26,783,660	44,125,728	25,529,585	(30,136,046)	66,302,928	3,395,799
NON-OPERATING REVENUE (EXPENSE)						
Total Non-Operating Revenue (Expense)	(886,252)	(1,282,998)	(1,246,978)	(1,454,633)	(4,870,861)	(778,999)
NET INCREASE (DECREASE) IN NET POSITION	25,897,408	42,842,730	24,282,607	(31,590,679)	61,432,067	2,616,800
MEDICAL LOSS RATIO	84.6%	79.6%	85.6%	101.6%	87.7%	91.5%
ADMINISTRATIVE EXPENSE RATIO	6.6%	6.5%	6.6%	8.4%	7.0%	5.9%



MEDI-CAL - ALL COA
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES
 IN NET POSITION BY QUARTER
 ROLLING 4 QUARTERS PMPM
 FOR THE MONTH ENDED JANUARY 31, 2024

	2023 - Q1	2023 - Q2	2023 - Q3	2023 - Q4	Rolling Quarter Totals	CURRENT QUARTER 2024 - Q1
Total Members - MCAL	1,032,889	1,065,928	1,064,368	1,038,591	4,201,776	404,835
REVENUES						
Medicaid - Family and Other	116.49	123.29	122.92	114.90	119.45	130.98
Medicaid - Expansion Members	104.49	106.59	107.74	94.06	103.27	115.63
Medicaid - SPD Members	54.41	54.71	55.38	56.97	55.36	57.85
Medicaid - LTC Members	5.79	8.56	8.55	9.24	8.05	9.82
Premium - MCO Tax	-	-	-	361.88	89.45	97.29
Premium - Hospital Directed Payments	62.29	61.85	61.59	61.38	61.78	59.98
Investment Earnings And Other Income	4.05	3.24	4.18	8.70	5.02	6.27
Rate Adjustments - Hospital Directed Payments	(0.60)	0.06	0.51	(25.29)	(6.25)	0.10
Rate/Income Adjustments	0.48	2.52	2.06	0.48	1.40	0.21
Total Revenues	347.40	360.81	362.93	682.32	437.52	478.14
EXPENSES						
MEDICAL COSTS						
Physician Services	58.22	60.89	58.64	58.81	59.15	74.31
Other Professional Services	16.43	18.01	17.54	18.66	17.66	33.84
Emergency Room	14.55	14.96	15.29	14.95	14.94	17.06
Inpatient	65.30	60.47	63.81	76.30	66.42	74.56
Reinsurance Expense	0.35	0.27	0.27	0.18	0.27	0.24
Outpatient Hospital	29.66	30.45	30.07	39.42	32.37	33.34
Other Medical	59.62	66.35	68.01	76.25	67.56	57.97
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.50
Hospital Directed Payments	62.29	61.85	61.59	61.38	61.78	59.98
Hospital Directed Payment Adjustment	(1.47)	0.17	(0.01)	(25.35)	(6.59)	0.10
Non-Claims Expense Adjustment	(0.05)	(2.13)	0.65	1.51	(0.01)	0.35
IBNR, Incentive, Paid Claims Adjustment	(3.84)	(12.88)	1.74	1.45	(3.41)	0.41
Total Medical Costs	302.56	299.91	319.11	325.06	311.64	353.65
GROSS MARGIN	44.84	60.90	43.82	357.26	125.88	124.49
ADMINISTRATIVE COSTS						
Compensation	10.45	10.35	11.10	13.08	11.24	8.86
Purchased Services	3.88	4.57	4.34	5.14	4.48	5.01
Supplies	0.34	0.26	0.75	0.66	0.50	0.88
Depreciation	1.98	1.93	1.95	2.02	1.97	1.79
Other Administrative Expenses	1.55	1.36	1.69	1.35	1.49	1.64
Administrative Expense Adjustment	0.71	1.03	0.01	1.52	0.81	0.64
Total Administrative Expenses	18.91	19.50	19.84	23.77	20.50	18.81
TOTAL EXPENSES	321.47	319.42	338.95	348.83	332.14	372.46
OPERATING INCOME (LOSS) BEFORE TAX	25.93	41.40	23.99	333.49	105.38	105.68
MCO TAX	-	-	-	362.51	89.60	97.29
OPERATING INCOME (LOSS) NET OF TAX	25.93	41.40	23.99	(29.02)	15.78	8.39
NON-OPERATING REVENUE (EXPENSE)						
Total Non-Operating Revenue (Expense)	(0.86)	(1.20)	(1.17)	(1.40)	(1.16)	(1.92)
NET INCREASE (DECREASE) IN NET POSITION	25.07	40.19	22.81	(30.42)	14.62	6.46
MEDICAL LOSS RATIO	84.6%	79.6%	85.6%	101.6%	87.7%	91.5%
ADMINISTRATIVE EXPENSE RATIO	6.6%	6.5%	6.6%	8.4%	7.0%	5.9%



MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN NET POSITION BY MONTH
ROLLING 13 MONTHS
FOR THE MONTH ENDED JANUARY 31, 2024

	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	Prior 6 Month YTD	JANUARY 2024	Year to Date Total
Total Members - MCAL	355,448	356,881	352,039	344,282	345,588	348,721	2,102,959	404,835	404,835
REVENUES									
Medicaid - Family and Other	45,811,581	41,688,821	43,328,818	42,099,200	45,286,584	31,950,410	250,165,414	53,027,216	53,027,216
Medicaid - Expansion Members	38,966,690	37,219,564	38,490,000	36,217,557	36,497,717	24,978,893	212,370,421	46,811,852	46,811,852
Medicaid - SPD Members	19,655,340	19,355,872	19,937,703	19,485,313	19,356,789	20,323,530	118,114,547	23,417,694	23,417,694
Medicaid - LTC Members	2,933,681	3,019,929	3,149,260	2,973,590	3,153,923	3,471,937	18,702,320	3,975,666	3,975,666
Premium - MCO Tax	-	-	-	-	-	375,849,146	375,849,146	39,388,230	39,388,230
Premium - Hospital Directed Payments	21,822,439	21,933,792	21,801,471	21,376,726	20,754,284	21,621,168	129,309,880	24,282,372	24,282,372
Investment Earnings And Other Income	1,706,041	1,300,264	1,438,685	2,404,743	3,571,373	3,055,066	13,476,173	2,539,805	2,539,805
Rate Adjustments - Hospital Directed Payments	(15,187)	421,004	139,435	4,262	(2,585)	(26,269,704)	(25,722,774)	42,165	42,165
Rate/Income Adjustments	1,691	(38,135)	2,226,732	(20,585)	21,528	494,694	2,685,925	83,075	83,075
Total Revenues	130,882,275	124,901,111	130,512,105	124,540,806	128,639,613	455,475,142	1,094,951,052	193,568,075	193,568,075
EXPENSES									
MEDICAL COSTS									
Physician Services	20,488,108	20,619,450	21,311,972	20,657,868	21,258,593	19,159,973	123,495,963	30,082,718	30,082,718
Other Professional Services	5,443,151	6,830,706	6,391,086	6,402,688	6,739,289	6,239,187	38,046,107	13,699,554	13,699,554
Emergency Room	4,984,270	5,600,554	5,694,567	5,063,129	4,921,226	5,539,233	31,802,978	6,905,833	6,905,833
Inpatient	22,316,634	20,877,596	24,726,099	25,452,068	23,460,211	30,332,453	147,165,061	30,185,040	30,185,040
Reinsurance Expense	96,097	96,687	95,910	96,625	91,410	2,097	478,827	96,765	96,765
Outpatient Hospital	10,233,408	10,613,552	11,158,217	12,146,983	12,702,928	16,089,590	72,944,678	13,495,747	13,495,747
Other Medical	22,600,584	23,391,210	26,396,360	23,481,298	27,658,264	28,055,064	151,582,781	23,466,463	23,466,463
Pay for Performance Quality Incentive	535,512	534,173	529,364	513,773	518,382	523,082	3,154,285	607,242	607,242
Hospital Directed Payments	21,822,439	21,933,792	21,801,471	21,376,726	20,754,284	21,621,168	129,309,880	24,282,372	24,282,372
Hospital Directed Payment Adjustment	(15,187)	426,924	(423,786)	4,262	(2,585)	(26,331,918)	(26,342,290)	42,165	42,165
Non-Claims Expense Adjustment	639,578	3,672	52,429	(4,729)	(662)	1,576,732	2,267,020	141,502	141,502
IBNR, Incentive, Paid Claims Adjustment	707,021	438,519	701,159	614,589	784,814	106,835	3,352,937	164,572	164,572
Total Medical Costs	109,851,615	111,366,836	118,434,848	115,805,278	118,886,154	102,913,496	677,258,227	143,169,973	143,169,973
GROSS MARGIN	21,030,660	13,534,275	12,077,257	8,735,528	9,753,459	352,561,646	417,692,825	50,398,102	50,398,102
ADMINISTRATIVE COSTS									
Compensation	3,743,078	4,035,668	4,036,688	4,152,628	5,655,320	3,776,320	25,399,702	3,586,265	3,586,265
Purchased Services	1,454,754	1,385,357	1,774,151	1,715,078	1,916,544	1,707,545	9,953,428	2,026,416	2,026,416
Supplies	196,053	395,024	210,861	128,415	131,121	421,461	1,482,935	354,637	354,637
Depreciation	686,781	693,125	693,125	657,439	685,712	756,212	4,172,393	725,712	725,712
Other Administrative Expenses	926,819	434,888	436,285	505,417	498,451	402,950	3,204,810	663,019	663,019
Administrative Expense Adjustment	(3,286)	12,968	267	-	(259)	1,580,391	1,590,080	258,024	258,024
Total Administrative Expenses	7,004,199	6,957,030	7,151,377	7,158,977	8,886,888	8,644,878	45,803,349	7,614,072	7,614,072
TOTAL EXPENSES	116,855,814	118,323,866	125,586,225	122,964,255	127,773,042	111,558,374	723,061,576	150,784,046	150,784,046
OPERATING INCOME (LOSS) BEFORE TAX	14,026,461	6,577,245	4,925,880	1,576,551	866,571	343,916,768	371,889,476	42,784,029	42,784,029
MCO TAX	-	-	-	-	-	376,495,937	376,495,937	39,388,230	39,388,230
OPERATING INCOME (LOSS) NET OF TAX	14,026,461	6,577,245	4,925,880	1,576,551	866,571	(32,579,169)	(4,606,461)	3,395,799	3,395,799
NON-OPERATING REVENUE (EXPENSE)									
Total Non-Operating Revenue (Expense)	(307,682)	(457,916)	(481,380)	(632,934)	(490,432)	(331,267)	(2,701,610)	(778,999)	(778,999)
NET INCREASE (DECREASE) IN NET POSITION	13,718,779	6,119,328	4,444,500	943,617	376,139	(32,910,436)	(7,308,071)	2,616,800	2,616,800
MEDICAL LOSS RATIO	80.7%	86.8%	89.4%	91.5%	91.0%	127.7%	93.3%	91.5%	91.5%
ADMINISTRATIVE EXPENSE RATIO	6.4%	6.8%	6.6%	6.9%	8.2%	10.3%	7.4%	5.9%	5.9%



MEDI-CAL - ALL COA
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES
 IN NET POSITION BY MONTH
 PMPM ROLLING 13 MONTHS
 FOR THE MONTH ENDED JANUARY 31, 2024

	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023	6 Month Prior YTD	JANUARY 2024	Year to Date Total
Total Members - MCAL	356,881	352,039	344,282	345,588	348,721	2,102,959	404,835	404,835
REVENUES								
Medicaid - Family and Other	176.06	185.68	183.11	196.69	137.38	178.90	199.97	199.97
Medicaid - Expansion Members	367.69	385.48	378.12	378.15	258.45	359.31	399.31	399.31
Medicaid - SPD Members	1,049.21	1,081.04	1,071.80	1,052.11	1,067.19	1,063.80	1,067.25	1,067.25
Medicaid - LTC Members	7,224.71	7,892.88	7,342.20	7,368.98	7,613.90	7,457.07	8,130.20	8,130.20
Premium - MCO Tax	-	-	-	-	1,077.79	178.72	97.29	97.29
Premium - Hospital Directed Payments	61.46	61.93	62.09	60.05	62.00	61.49	59.98	59.98
Investment Earnings And Other Income	3.64	4.09	6.98	10.33	8.76	6.41	6.27	6.27
Rate Adjustments - Hospital Directed Payments	1.18	0.40	0.01	(0.01)	(75.33)	(12.23)	0.10	0.10
Rate/Income Adjustments	(0.11)	6.33	(0.06)	0.06	1.42	1.28	0.21	0.21
Total Revenues	349.98	370.73	361.74	372.23	1,306.13	520.67	478.14	478.14
EXPENSES								
MEDICAL COSTS								
Physician Services	57.78	60.54	60.00	61.51	54.94	58.72	74.31	74.31
Other Professional Services	19.14	18.15	18.60	19.50	17.89	18.09	33.84	33.84
Emergency Room	15.69	16.18	14.71	14.24	15.88	15.12	17.06	17.06
Inpatient	58.50	70.24	73.93	67.88	86.98	69.98	74.56	74.56
Reinsurance Expense	0.27	0.27	0.28	0.26	0.01	0.23	0.24	0.24
Outpatient Hospital	29.74	31.70	35.28	36.76	46.14	34.69	33.34	33.34
Other Medical	65.54	74.98	68.20	80.03	80.45	72.08	57.97	57.97
Pay for Performance Quality Incentive	1.50	1.50	1.49	1.50	1.50	1.50	1.50	1.50
Hospital Directed Payments	61.46	61.93	62.09	60.05	62.00	61.49	59.98	59.98
Hospital Directed Payment Adjustment	1.20	(1.20)	0.01	(0.01)	(75.51)	(12.53)	0.10	0.10
Non-Claims Expense Adjustment	0.01	0.15	(0.01)	(0.00)	4.52	1.08	0.35	0.35
IBNR, Incentive, Paid Claims Adjustment	1.23	1.99	1.79	2.27	0.31	1.59	0.41	0.41
Total Medical Costs	312.06	336.43	336.37	344.01	295.12	322.05	353.65	353.65
GROSS MARGIN	37.92	34.31	25.37	28.22	1,011.01	198.62	124.49	124.49
ADMINISTRATIVE COSTS								
Compensation	11.31	11.47	12.06	16.36	10.83	12.08	8.86	8.86
Purchased Services	3.88	5.04	4.98	5.55	4.90	4.73	5.01	5.01
Supplies	1.11	0.60	0.37	0.38	1.21	0.71	0.88	0.88
Depreciation	1.94	1.97	1.91	1.98	2.17	1.98	1.79	1.79
Other Administrative Expenses	1.22	1.24	1.47	1.44	1.16	1.52	1.64	1.64
Administrative Expense Adjustment	0.04	0.00	-	(0.00)	4.53	0.76	0.64	0.64
Total Administrative Expenses	19.49	20.31	20.79	25.72	24.79	21.78	18.81	18.81
TOTAL EXPENSES	331.55	356.74	357.16	369.73	319.91	343.83	372.46	372.46
OPERATING INCOME (LOSS) BEFORE TAX	18.43	13.99	4.58	2.51	986.22	176.84	105.68	105.68
MCO TAX	-	-	-	-	1,079.65	179.03	97.29	97.29
OPERATING INCOME (LOSS) NET OF TAX	18.43	13.99	4.58	2.51	(93.42)	(2.19)	8.39	8.39
NON-OPERATING REVENUE (EXPENSE)								
Total Non-Operating Revenue (Expense)	(1.28)	(1.37)	(1.84)	(1.42)	(0.95)	(1.28)	(1.92)	(1.92)
NET INCREASE (DECREASE) IN NET POSITION	17.15	12.63	2.74	1.09	(94.37)	(3.48)	6.46	6.46
MEDICAL LOSS RATIO	86.8%	89.4%	91.5%	91.0%	127.7%	93.3%	91.5%	91.5%
ADMINISTRATIVE EXPENSE RATIO	6.8%	6.6%	6.9%	8.2%	10.3%	7.4%	5.9%	5.9%

KHS Finance Committee Meeting, April 12, 2024

MEDI-CAL
 SCHEDULE OF REVENUES - ALL COA
 FOR THE MONTH ENDED JANUARY 31, 2024



REVENUES	January	Budget	Variance	Year to date Month 1	Budget	Variance
Premium - Medi-Cal	47,241,506	47,692,367	(450,861)	47,241,506	47,692,367	(450,861)
Premium - Maternity Kick	2,781,366	3,354,888	(573,522)	2,781,366	3,354,888	(573,522)
Premium - Enhanced Care Management	1,360,425	1,421,497	(61,071)	1,360,425	1,421,497	(61,071)
Premium - Major Organ Transplant	242,912	244,307	(1,395)	242,912	244,307	(1,395)
Premium - Provider Enhancement	1,115,725	1,114,154	1,571	1,115,725	1,114,154	1,571
Premium - GEMT	187,833	192,309	(4,476)	187,833	192,309	(4,476)
Premium - Cal AIM	-	341,912	(341,912)	-	341,912	(341,912)
Premium - Student Behavioral Health Incentive	-	162,280	(162,280)	-	162,280	(162,280)
Other	97,449	-	97,449	97,449	-	97,449
TOTAL MEDICAID - FAMILY & OTHER	53,027,216	54,523,713	(1,496,497)	53,027,216	54,523,713	(1,496,497)
Premium - Medi-Cal	43,459,690	43,628,897	(169,207)	43,459,690	43,628,897	(169,207)
Premium - Maternity Kick	576,986	445,438	131,547	576,986	445,438	131,547
Premium - Enhanced Care Management	1,651,191	1,670,267	(19,076)	1,651,191	1,670,267	(19,076)
Premium - Major Organ Transplant	432,007	436,961	(4,954)	432,007	436,961	(4,954)
Premium - Provider Enhancement	373,632	373,833	(201)	373,632	373,833	(201)
Premium - GEMT	271,454	276,757	(5,302)	271,454	276,757	(5,302)
Premium - Cal AIM	-	309,397	(309,397)	-	309,397	(309,397)
Premium - Student Behavioral Health Incentive	-	146,848	(146,848)	-	146,848	(146,848)
Other	46,893	-	46,893	46,893	-	46,893
TOTAL MEDICAID - EXPANSION MEMBERS	46,811,852	47,288,398	(476,546)	46,811,852	47,288,398	(476,546)
Premium - Medi-Cal	22,135,884	20,566,289	1,569,595	22,135,884	20,566,289	1,569,595
Premium - Enhanced Care Management	802,416	764,247	38,169	802,416	764,247	38,169
Premium - Major Organ Transplant	289,069	276,580	12,488	289,069	276,580	12,488
Premium - Provider Enhancement	27,257	25,945	1,312	27,257	25,945	1,312
Premium - GEMT	163,069	155,332	7,737	163,069	155,332	7,737
Premium - Cal AIM	-	149,009	(149,009)	-	149,009	(149,009)
Premium - Student Behavioral Health Incentive	-	70,723	(70,723)	-	70,723	(70,723)
TOTAL MEDICAID - SPD MEMBERS	23,417,694	22,008,125	1,409,569	23,417,694	22,008,125	1,409,569
Premium - Medi-Cal	3,950,994	4,395,083	(444,089)	3,950,994	4,395,083	(444,089)
Premium - Enhanced Care Management	9,002	10,315	(1,313)	9,002	10,315	(1,313)
Premium - Major Organ Transplant	13,131	15,235	(2,104)	13,131	15,235	(2,104)
Premium - Provider Enhancement	3	4	(1)	3	4	(1)
Premium - GEMT	2,536	3,176	(640)	2,536	3,176	(640)
Premium - Cal AIM	-	31,530	(31,530)	-	31,530	(31,530)
Premium - Student Behavioral Health Incentive	-	14,965	(14,965)	-	14,965	(14,965)
TOTAL MEDICAID - LTC MEMBERS	3,975,666	4,470,309	(494,642)	3,975,666	4,470,309	(494,642)



**MEDI-CAL
SCHEDULE OF REVENUES - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2024**

REVENUES		
	January	YTD
Premium - Medi-Cal	47,241,506	47,241,506
Premium - Maternity Kick	2,781,366	2,781,366
Premium - Enhanced Care Management	1,360,425	1,360,425
Premium - Major Organ Transplant	242,912	242,912
Premium - Provider Enhancement	1,115,725	1,115,725
Premium - GEMT	187,833	187,833
Other	97,449	97,449
TOTAL MEDICAID - FAMILY & OTHER	53,027,216	53,027,216
Premium - Medi-Cal	43,459,690	43,459,690
Premium - Maternity Kick	576,986	576,986
Premium - Enhanced Care Management	1,651,191	1,651,191
Premium - Major Organ Transplant	432,007	432,007
Premium - Provider Enhancement	373,632	373,632
Premium - GEMT	271,454	271,454
Other	46,893	46,893
TOTAL MEDICAID - EXPANSION MEMBERS	46,811,852	46,811,852
Premium - Medi-Cal	22,135,884	22,135,884
Premium - Enhanced Care Management	802,416	802,416
Premium - Major Organ Transplant	289,069	289,069
Premium - Provider Enhancement	27,257	27,257
Premium - GEMT	163,069	163,069
TOTAL MEDICAID - SPD MEMBERS	23,417,694	23,417,694
Premium - Medi-Cal	3,950,994	3,950,994
Premium - Enhanced Care Management	9,002	9,002
Premium - Major Organ Transplant	13,131	13,131
Premium - Provider Enhancement	3	3
Premium - GEMT	2,536	2,536
TOTAL MEDICAID - LTC MEMBERS	3,975,666	3,975,666



MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2024

	January	Budget	Variance	Year to date Month 1	Budget	Variance
Physician Services						
Primary Care Physician Services	6,499,076	5,837,420	(661,656)	6,499,076	5,837,420	(661,656)
Referral Specialty Services	21,255,092	21,704,881	449,790	21,255,092	21,704,881	449,790
Urgent Care & After Hours Advice	2,319,250	2,762,122	442,872	2,319,250	2,762,122	442,872
Hospital Admitting Team	9,300	9,300	-	9,300	9,300	-
Total Physician Services	30,082,718	30,313,724	231,006	30,082,718	30,313,724	231,006
Other Professional Services						
Vision Service Capitation	140,322	354,110	213,788	140,322	354,110	213,788
221 - Business Intelligence	166,419	162,112	(4,307)	166,419	162,112	(4,307)
310 - Health Services - Utilization Management	852,585	1,163,127	310,543	852,585	1,163,127	310,543
311 - Health Services - Quality Improvement	240,989	351,063	110,074	240,989	351,063	110,074
312 - Health Services Education	238,074	401,142	163,068	238,074	401,142	163,068
313 - Pharmacy	117,253	141,792	24,539	117,253	141,792	24,539
314 - Enhanced Care Management	296,401	440,319	143,917	296,401	440,319	143,917
316 - Population Health Management	495,663	683,785	188,122	495,663	683,785	188,122
317 - In Lieu of Services	88,658	143,949	55,290	88,658	143,949	55,290
321 - Homeless Management Information Services	-	34,417	34,417	-	34,417	34,417
330 - Member Services	996,071	1,106,858	110,787	996,071	1,106,858	110,787
331 - Member Outreach	-	351,173	351,173	-	351,173	351,173
410 - Member Engagement	68,866	79,106	10,241	68,866	79,106	10,241
601 - Behavioral Health	63,991	177,549	113,559	63,991	177,549	113,559
602 - Quality & Health Equity	76,057	77,136	1,079	76,057	77,136	1,079
604 - Clinical Operations, Strategy, and Analytics	77,153	133,675	56,522	77,153	133,675	56,522
Behavior Health Treatment	3,612,672	3,881,666	268,993	3,612,672	3,881,666	268,993
Mental Health Services	1,525,645	1,123,026	(402,620)	1,525,645	1,123,026	(402,620)
Other Professional Services	4,642,734	5,089,214	446,480	4,642,734	5,089,214	446,480
Total Other Professional Services	13,699,554	15,895,218	2,195,664	13,699,554	15,895,218	2,195,664
Emergency Room	6,905,833	6,760,402	(145,432)	6,905,833	6,760,402	(145,432)
Inpatient Hospital	30,185,040	29,181,341	(1,003,700)	30,185,040	29,181,341	(1,003,700)
Reinsurance Expense Premium	96,765	116,648	19,883	96,765	116,648	19,883
Outpatient Hospital	13,495,747	13,468,482	(27,265)	13,495,747	13,468,482	(27,265)
Other Medical						
Ambulance and NEMT	3,214,531	2,875,978	(338,553)	3,214,531	2,875,978	(338,553)
Home Health Services & CBAS	821,583	906,891	85,309	821,583	906,891	85,309
Utilization and Quality Review Expenses	778,360	1,793,060	1,014,700	778,360	1,793,060	1,014,700
Long Term/SNF/Hospice	8,782,404	9,185,998	403,594	8,782,404	9,185,998	403,594
Provider Enhancement Expense - Prop. 56	1,440,786	1,848,724	407,938	1,440,786	1,848,724	407,938
Provider Enhancement Expense - GEMT	697,353	185,711	(511,642)	697,353	185,711	(511,642)
Enhanced Care Management	3,631,882	3,699,088	67,205	3,631,882	3,699,088	67,205
Major Organ Transplant	928,263	924,429	(3,834)	928,263	924,429	(3,834)
Cal AIM Incentive Programs	1,210,017	790,255	(419,762)	1,210,017	790,255	(419,762)
Student Behavioral Health Incentive	-	375,075	375,075	-	375,075	375,075
Housing and Homelessness Incentive	516,672	-	(516,672)	516,672	-	(516,672)
DME/Rebates	1,444,613	1,599,139	154,525	1,444,613	1,599,139	154,525
Total Other Medical	23,466,463	24,184,348	717,885	23,466,463	24,184,348	717,885
Pay for Performance Quality Incentive	607,242	624,900	17,658	607,242	624,900	17,658
Hospital Directed Payments	24,282,372	22,944,345	(1,338,026)	24,282,372	22,944,345	(1,338,026)
Hospital Directed Payment Adjustment	42,165	-	(42,165)	42,165	-	(42,165)
Non-Claims Expense Adjustment	141,502	-	(141,502)	141,502	-	(141,502)
IBNR, Incentive, Paid Claims Adjustment	164,572	-	(164,572)	164,572	-	(164,572)
Total Medical Costs	143,169,973	143,489,408	319,434	143,169,973	143,489,408	319,434

* MEDICAL COSTS PER DMHC REGULATIONS



MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2024

	January	Budget	Variance	Year to Date	Budget	Variance
TOTAL MEMBERS - MCAL	404,835	416,600	(11,765)	404,835	416,600	(11,765)
Physician Services						
Primary Care Physician Services	16.05	14.01	(2.04)	16.05	14.01	(2.04)
Referral Specialty Services	52.50	52.10	(0.40)	52.50	52.10	(0.40)
Urgent Care & After Hours Advice	5.73	6.63	0.90	5.73	6.63	0.90
Hospital Admitting Team	0.02	0.02	(0.00)	0.02	0.02	(0.00)
Total Physician Services	74.31	72.76	(1.54)	74.31	72.76	(1.54)
Other Professional Services						
Vision Service Capitation	0.35	0.85	0.50	0.35	0.85	0.50
221 - Business Intelligence	0.41	0.39	(0.02)	0.41	0.39	(0.02)
310 - Health Services - Utilization Management	2.11	2.79	0.69	2.11	2.79	0.69
311 - Health Services - Quality Improvement	0.60	0.84	0.25	0.60	0.84	0.25
312 - Health Services Education	0.59	0.96	0.37	0.59	0.96	0.37
313 - Pharmacy	0.29	0.34	0.05	0.29	0.34	0.05
314 - Enhanced Care Management	0.73	1.06	0.32	0.73	1.06	0.32
316 - Population Health Management	1.22	1.64	0.42	1.22	1.64	0.42
317 - In Lieu of Services	0.22	0.35	0.13	0.22	0.35	0.13
321 - Homeless Management Information Services	-	0.08	0.08	-	0.08	0.08
330 - Member Services	2.46	2.66	0.20	2.46	2.66	0.20
331 - Member Outreach	-	0.84	0.84	-	0.84	0.84
410 - Member Engagement	0.17	0.19	0.02	0.17	0.19	0.02
601 - Behavioral Health	0.16	0.43	0.27	0.16	0.43	0.27
602 - Quality & Health Equity	0.19	0.19	(0.00)	0.19	0.19	(0.00)
604 - Clinical Operations, Strategy, and Analytics	0.19	0.32	0.13	0.19	0.32	0.13
Behavior Health Treatment	8.92	9.32	0.39	8.92	9.32	0.39
Mental Health Services	3.77	2.70	(1.07)	3.77	2.70	(1.07)
Other Professional Services	11.47	12.22	0.75	11.47	12.22	0.75
Total Other Professional Services	33.84	38.15	4.31	33.84	38.15	4.31
Emergency Room	17.06	16.23	(0.83)	17.06	16.23	(0.83)
Inpatient Hospital	74.56	70.05	(4.51)	74.56	70.05	(4.51)
Reinsurance Expense Premium	0.24	0.28	0.04	0.24	0.28	0.04
Outpatient Hospital	33.34	32.33	(1.01)	33.34	32.33	(1.01)
Other Medical						
Ambulance and NEMT	7.94	6.90	(1.04)	7.94	6.90	(1.04)
Home Health Services & CBAS	2.03	2.18	0.15	2.03	2.18	0.15
Utilization and Quality Review Expenses	1.92	4.30	2.38	1.92	4.30	2.38
Long Term/SNF/Hospice	21.69	22.05	0.36	21.69	22.05	0.36
Provider Enhancement Expense - Prop. 56	3.56	4.44	0.88	3.56	4.44	0.88
Provider Enhancement Expense - GEMT	1.72	0.45	(1.28)	1.72	0.45	(1.28)
Enhanced Care Management	8.97	8.88	(0.09)	8.97	8.88	(0.09)
Major Organ Transplant	2.29	2.22	(0.07)	2.29	2.22	(0.07)
Cal AIM Incentive Programs	2.99	1.90	(1.09)	2.99	1.90	(1.09)
Student Behavioral Health Incentive	-	0.90	0.90	-	0.90	0.90
Housing and Homelessness Incentive	1.28	-	(1.28)	1.28	-	(1.28)
DME/Rebates	3.57	3.84	0.27	3.57	3.84	0.27
Total Other Medical	57.97	58.05	0.09	57.97	58.05	0.09
Pay for Performance Quality Incentive	1.50	1.50	0.00	1.50	1.50	0.00
Hospital Directed Payments	59.98	55.08	(4.91)	59.98	55.08	(4.91)
Hospital Directed Payment Adjustment	0.10	-	(0.10)	0.10	-	(0.10)
Non-Claims Expense Adjustment	0.35	-	(0.35)	0.35	-	(0.35)
IBNR, Incentive, Paid Claims Adjustment	0.41	-	(0.41)	0.41	-	(0.41)
Total Medical Costs	353.65	344.43	(9.22)	353.65	344.43	(9.22)



**MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2024**

	January	Year to Date 2024
Physician Services		
Primary Care Physician Services	6,499,076	6,499,076
Referral Specialty Services	21,255,092	21,255,092
Urgent Care & After Hours Advice	2,319,250	2,319,250
Hospital Admitting Team	9,300	9,300
Total Physician Services	30,082,718	30,082,718
Other Professional Services		
Vision Service Capitation	140,322	140,322
221 - Business Intelligence	166,419	166,419
310 - Health Services - Utilization Management	852,585	852,585
311 - Health Services - Quality Improvement	240,989	240,989
312 - Health Services Education	238,074	238,074
313 - Pharmacy	117,253	117,253
314 - Enhanced Care Management	296,401	296,401
316 - Population Health Management	495,663	495,663
317 - In Lieu of Services	88,658	88,658
330 - Member Services	996,071	996,071
410 - Member Engagement	68,866	68,866
601 - Behavioral Health	63,991	63,991
602 - Quality & Health Equity	76,057	76,057
604 - Clinical Operations, Strategy, and Analytics	77,153	77,153
Behavior Health Treatment	3,612,672	3,612,672
Mental Health Services	1,525,645	1,525,645
Other Professional Services	4,642,734	4,642,734
Total Other Professional Services	13,699,554	13,699,554
Emergency Room	6,905,833	6,905,833
Inpatient Hospital	30,185,040	30,185,040
Reinsurance Expense Premium	96,765	96,765
Outpatient Hospital	13,495,747	13,495,747
Other Medical		
Ambulance and NEMT	3,214,531	3,214,531
Home Health Services & CBAS	821,583	821,583
Utilization and Quality Review Expenses	778,360	778,360
Long Term/SNF/Hospice	8,782,404	8,782,404
Provider Enhancement Expense - Prop. 56	1,440,786	1,440,786
Provider Enhancement Expense - GEMT	697,353	697,353
Enhanced Care Management	3,631,882	3,631,882
Major Organ Transplant	928,263	928,263
Cal AIM Incentive Programs	1,210,017	1,210,017
Housing and Homelessness Incentive	516,672	516,672
DME	1,444,613	1,444,613
Total Other Medical	23,466,463	23,466,463
Pay for Performance Quality Incentive	607,242	607,242
Hospital Directed Payments	24,282,372	24,282,372
Hospital Directed Payment Adjustment	42,165	42,165
Non-Claims Expense Adjustment	141,502	141,502
IBNR, Incentive, Paid Claims Adjustment	164,572	164,572
Total Medical Costs	143,169,973	143,169,973

* MEDICAL COSTS PER DMHC REGULATIONS



**MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2024**

	January	Year to Date
Physician Services		
Primary Care Physician Services	16.05	16.05
Referral Specialty Services	52.50	52.50
Urgent Care & After Hours Advice	5.73	5.73
Hospital Admitting Team	0.02	0.02
Total Physician Services	74.31	74.31
Other Professional Services		
Vision Service Capitation	0.35	0.35
221 - Business Intelligence	0.41	0.41
310 - Health Services - Utilization Management	2.11	2.11
311 - Health Services - Quality Improvement	0.60	0.60
312 - Health Services Education	0.59	0.59
313 - Pharmacy	0.29	0.29
314 - Enhanced Care Management	0.73	0.73
316 - Population Health Management	1.22	1.22
317 - In Lieu of Services	0.22	0.22
330 - Member Services	2.46	2.46
410 - Member Engagement	0.17	0.17
601 - Behavioral Health	0.16	0.16
602 - Quality & Health Equity	0.19	0.19
604 - Clinical Operations, Strategy, and Analytics	0.19	0.19
Behavior Health Treatment	8.92	8.92
Mental Health Services	3.77	3.77
Other Professional Services	11.47	11.47
Total Other Professional Services	33.84	33.84
Emergency Room	17.06	17.06
Inpatient Hospital	74.56	74.56
Reinsurance Expense Premium	0.24	0.24
Outpatient Hospital	33.34	33.34
Other Medical		
Ambulance and NEMT	7.94	7.94
Home Health Services & CBAS	2.03	2.03
Utilization and Quality Review Expenses	1.92	1.92
Long Term/SNF/Hospice	21.69	21.69
Provider Enhancement Expense - Prop. 56	3.56	3.56
Provider Enhancement Expense - GEMT	1.72	1.72
Enhanced Care Management	8.97	8.97
Major Organ Transplant	2.29	2.29
Cal AIM Incentive Programs	2.99	2.99
Housing and Homelessness Incentive	1.28	1.28
DME	3.57	3.57
Total Other Medical	57.97	57.97
Pay for Performance Quality Incentive	1.50	1.50
Hospital Directed Payments	59.98	59.98
Hospital Directed Payment Adjustment	0.10	0.10
Non-Claims Expense Adjustment	0.35	0.35
IBNR, Incentive, Paid Claims Adjustment	0.41	0.41
Total Medical Costs	353.65	353.65

**MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED JANUARY 31, 2024**

	January	Budget	Variance	Year to date Month 1	Budget	Variance
110 - Executive	624,355	542,745	(81,611)	624,355	542,745	(81,611)
112 - Government Relations	68,770	47,358	(21,412)	68,770	47,358	(21,412)
210 - Accounting	304,846	351,597	46,752	304,846	351,597	46,752
220 - Management Information Systems (MIS)	391,965	276,982	(114,983)	391,965	276,982	(114,983)
221 - Business Intelligence	269,666	223,141	(46,526)	269,666	223,141	(46,526)
222 - MIS Development	377,641	381,923	4,283	377,641	381,923	4,283
223 - Enterprise Configuration	174,793	178,406	3,612	174,793	178,406	3,612
225 - Infrastructure	617,597	859,136	241,539	617,597	859,136	241,539
226 - Technical Administrative Services	49,489	220,111	170,623	49,489	220,111	170,623
230 - Claims	819,584	795,470	(24,115)	819,584	795,470	(24,115)
240 - Project Development	347,377	417,789	70,412	347,377	417,789	70,412
310 - Health Services - Utilization Management	30,997	60,287	29,289	30,997	60,287	29,289
311 - Health Services - Quality Improvement	8,514	49,746	41,232	8,514	49,746	41,232
312 - Health Services - Education	341	357	16	341	357	16
313 - Pharmacy	21,270	38,333	17,063	21,270	38,333	17,063
314 - Enhanced Care Management	44,036	27,349	(16,687)	44,036	27,349	(16,687)
316 - Population Health Management	656	2,975	2,319	656	2,975	2,319
317 - Community Support Services	34	1,625	1,591	34	1,625	1,591
318 - Housing & Homeless Incentive Program (HHIP)	3	-	(3)	3	-	(3)
319 - CAL AIM Incentive Payment Program (IPP)	22,503	-	(22,503)	22,503	-	(22,503)
320 - Provider Network Management	386,421	469,568	83,147	386,421	469,568	83,147
321 - Homeless Management Information Services	-	34,246	34,246	-	34,246	34,246
322 - Delegation & Oversight	21,948	-	(21,948)	21,948	-	(21,948)
330 - Member Services	667,205	282,921	(384,284)	667,205	282,921	(384,284)
340 - Corporate Services	1,024,905	1,034,659	9,754	1,024,905	1,034,659	9,754
360 - Audit & Investigative Services	195,508	241,240	45,732	195,508	241,240	45,732
410 - Member Engagement	76,778	113,644	36,866	76,778	113,644	36,866
420 - Sales/Marketing/Public Relations	177,987	270,104	92,117	177,987	270,104	92,117
510 - Human Resources	447,072	464,570	17,498	447,072	464,570	17,498
601 - Behavioral Health	43	1,779	1,736	43	1,779	1,736
602 - Quality & Health Equity	40,103	42,027	1,923	40,103	42,027	1,923
604 - Clinical Operations, Strategy & Analytics	-	479	479	-	479	479
605 - Quality Performance	143,642	45,718	(97,924)	143,642	45,718	(97,924)
Administrative Expense Adjustment	258,024	-	(258,024)	258,024	-	(258,024)
Total Administrative Expenses	7,614,072	7,476,286	(137,787)	7,614,072	7,476,286	(137,787)



MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED JANUARY 31, 2024

	January	YTD TOTALS
110 - Executive	624,355	624,355
112 - Government Relations	68,770	68,770
210 - Accounting	304,846	304,846
220 - Management Information Systems (MIS)	391,965	391,965
221 - Business Intelligence	269,666	269,666
222 - MIS Development	377,641	377,641
223 - Enterprise Configuration	174,793	174,793
225 - Infrastructure	617,597	617,597
226 - Technical Administrative Services	49,489	49,489
230 - Claims	819,584	819,584
240 - Project Development	347,377	347,377
310 - Health Services - Utilization Management	30,997	30,997
311 - Health Services - Quality Improvement	8,514	8,514
312 - Health Services - Education	341	341
313 - Pharmacy	21,270	21,270
314 - Enhanced Care Management	44,036	44,036
316 - Population Health Management	656	656
317 - Community Support Services	34	34
318 - Housing & Homeless Incentive Program (HHIP)	3	3
319 - CAL AIM Incentive Payment Program (IPP)	22,503	22,503
320 - Provider Network Management	386,421	386,421
322 - Delegation & Oversight	21,948	21,948
330 - Member Services	667,205	667,205
340 - Corporate Services	1,024,905	1,024,905
360 - Audit & Investigative Services	195,508	195,508
410 - Member Engagement	76,778	76,778
420 - Sales/Marketing/Public Relations	177,987	177,987
510 - Human Resources	447,072	447,072
601 - Behavioral Health	43	43
602 - Quality & Health Equity	40,103	40,103
605 - Quality Performance	143,642	143,642
Administrative Expense Adjustment	258,024	258,024
Total Administrative Expenses	7,614,072	7,614,072

GROUP HEALTH PLAN - HFAM
STATEMENT OF NET POSITION
AS OF JANUARY 31, 2024



ASSETS	January 2024	December 2023	Increase/ (Decrease)
Cash and Cash Equivalents	1,183,679	1,171,884	11,795
Interest Receivable	4,000	11,795	(7,795)
Total Current Assets	1,187,679	1,183,679	4,000
CURRENT LIABILITIES			
Other Liabilities	-	-	-
Total Current Liabilities	-	-	-
NET POSITION:			
Net Position at Beginning of Year	1,183,679	1,130,625	53,054
Increase (Decrease) in Net Position - Current Year	4,000	53,054	(49,054)
Total Net Position	1,187,679	1,183,679	4,000
TOTAL LIABILITIES AND NET POSITION	1,187,679	1,183,679	4,000



**GROUP HEALTH PLAN - HFAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2024**

	January	Budget	Variance	Year to Date	Budget	Variance
REVENUES						
Premium	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other Investment Income	4,000	-	4,000	4,000	-	4,000
Total Revenues	4,000	-	4,000	4,000	-	4,000
EXPENSES						
MEDICAL COSTS						
IBNR and Paid Claims Adjustment	-	-	-	-	-	-
Total Medical Costs	-	-	-	-	-	-
GROSS MARGIN	4,000	-	4,000	4,000	-	4,000
ADMINISTRATIVE COSTS						
Management Fee Expense and Other Admin Exp	-	-	-	-	-	-
Total Administrative Expenses	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-
OPERATING INCOME (LOSS) BEFORE TAX	4,000	-	4,000	4,000	-	4,000
NON-OPERATING REVENUE (EXPENSE)						
Total Non-Operating Revenue (Expense)	-	-	-	-	-	-
NET INCREASE (DECREASE) IN NET POSITION	4,000	-	4,000	4,000	-	4,000
MEDICAL LOSS RATIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ADMINISTRATIVE EXPENSE RATIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

MEDI-CAL		2024 MEMBER MONTHS	JAN'24	FEB'24	MAR'24	APR'24	MAY'24	JUN'24	JUL'24	AUG'24	SEP'24	OCT'24	NOV'24	DEC'24
ADULT AND FAMILY														
ADULT (SEE COMMENT)	73,352	73,352	0											
CHILD	169,496	169,496	0											
SUB-TOTAL ADULT & FAMILY	242,848	242,848	0	0	0	0	0	0	0	0	0	0	0	0
OTHER MEMBERS														
PARTIAL DUALS - FAMILY	774	774	0											
PARTIAL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARTIAL DUALS - BCCTP	6	6	0											
BCCTP - TABACCO SETTLEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FULL DUALS (SPD)														
SPD FULL DUALS	21,544	21,544	0											
SUBTOTAL OTHER MEMBERS	22,324	22,324	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL FAMILY & OTHER	265,172	265,172	0	0	0	0	0	0	0	0	0	0	0	0
SDP MEMBERS														
SPD (AGED AND DISABLED)	21,942	21,942	0											
TOTAL CLASSIC MEMBERS	287,114	287,114	0	0	0	0	0	0	0	0	0	0	0	0
ACA OE - MEDI-CAL OPTIONAL EXPANSION														
ACA Expansion Adult-Citizen	115,850	115,850	0											
EXPANSION DUALS	1,382	1,382	0											
TOTAL ACA OE	117,232	117,232	0	0	0	0	0	0	0	0	0	0	0	0
LONG TERM CARE (LTC)														
LTC	38	38	0											
LTC DUALS	451	451	0											
TOTAL LTC	489	489	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	404,835	404,835	0	0	0	0	0	0	0	0	0	0	0	0



MEMORANDUM

TO: Kern Health Systems Finance Committee
FROM: Robert Landis, Chief Financial Officer
SUBJECT: Reports on Accounts Payable, Administrative Contracts and IT Technology Consulting Resources
DATE: April 12, 2024

Attached for your review are the following items:

- 1) Accounts Payable Vendor Report listing of payments over \$20,000 for the months of December 2023 and January 2024.
- 2) Administrative Contract Report listing for contracts between \$50,000 and \$200,000 for December 2023 and January 2024.
- 3) IT Technology Consulting Resources Report for the period ending December 31, 2023.

Requested Action

Receive and File; Refer to KHS Board of Directors

KERN·HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	640,160.90	7,261,385.20	DEC. 2023 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE	495,533.39	5,865,607.26	NOV. 2023 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T5466	ZIPARI, INC ****	303,289.68	903,835.36	HOSTED MEMBER AND PROVIDE PORTAL 12/23-05/24	MIS INFRASTRUCTURE
T2458	HEALTHCARE FINANCIAL, INC ****	253,155.43	804,883.65	AUG. - NOV. 2023 CONSULTING	ADMINISTRATION
WT/ACH	USPS	250,000.00	500,000.00	FUND KHS POSTAL ONE/EPS ACCOUNT	CORPORATE SERVICES
T1408	DELL MARKETING L.P.	247,135.85	1,795,748.37	(78) MONITORS W/ 3YR SERVICES, (2) OPTIPLES, AND JAN-JUL AZURE OVERAGES	MIS INFRASTRUCTURE
T4737	TEKSYSTEMS, INC.	230,101.50	2,908,188.55	NOV. 2023 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T5684	REBELLIS GROUP LLC	214,288.75	1,513,803.71	OCT. 2023 MAPD BUSINESS CONSULTING	MEDICARE
T3001	MERCER ****	185,000.00	185,000.00	NOV. & DEC. 2023 COMPENSATION STUDY	ADMINISTRATION
T4733	UNITED STAFFING ASSOCIATES	156,379.16	968,767.53	NOV. 2023 TEMPORARY HELP - (1) FIN: (1) UM: (24) MS: (1) AD: (1) CS	VARIOUS
T1128	HALL LETTER SHOP, INC	130,794.90	351,047.33	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS	VARIOUS
T3088	GLEN BROWN CONSULTING ****	117,693.75	253,193.75	OCT. & NOV. 2023 CONSULTING	BUSINESS INTELLEGENCE
T5781	SHELLMAN COMPLIANCE LLC	97,750.00	155,950.00	SECURITY ASSESSMENT SERVICES	CAPITAL
T1180	LANGUAGE LINE SERVICES INC ****	89,572.01	869,993.53	OCT. & NOV. 2023 INTERPRETATION SERVICES	HEALTH EDUCATION

KERN • HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC ****	89,219.57	1,337,901.72	AUG. - NOV. 2023 PROFESSIONAL SERVICES & EDI CLAIM PROCESSING	VARIOUS
T5337	CAZADOR CONSULTING GROUP INC	86,659.88	1,132,180.81	NOV. 2023 TEMPORARY HELP - (16) MS: (1) CS: (1) AD	VARIOUS
T5292	ALL'S WELL HEALTH CARE SERVICES ****	69,095.15	381,944.58	OCT. & NOV. 2023 TEMPORARY HELP	HEALTH SERVICES - QI
T4237	FLUIDEDGE CONSULTING, INC ****	68,240.00	577,627.50	OCT. & NOV. 2023 CONSULTING SERVICES	VARIOUS
T5022	SVAM INTERNATIONAL INC ****	61,150.00	601,867.57	NOV. 2023 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	52,360.83	590,822.18	DEC. 2023 VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T5344	SIGNATURE STAFF RESOURCES LLC	50,548.00	392,407.00	NOV. 2023 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T5696	ASA GLOBAL HEALTHCARE SERVICES PC ****	42,000.00	73,000.00	AUG. & NOV. 2023 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T2584	UNITED STATES POSTAL SVC. - HASLER	40,000.00	370,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5583	THE MIHALIK GROUP, LLC ****	38,715.00	185,077.50	AUG. & SEPT. 2023 CONSULTING SERVICES	HEALTH SERVICES - QI
T5435	TEGRIA SERVICES GROUP - US, INC ****	37,537.50	74,037.50	OCT. & NOV. 2023 CONSULTING SERVICES	BUSINESS INTELLIGENCE
T4708	WAKELY CONSULTING GROUP, LLC FRMLY HEALTH MANAGEMENT ASSOCIATES, INC.	36,840.00	211,710.00	PROFESSIONAL SERVICES	ADMINISTRATION
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	36,300.00	427,162.50	NOV. 2023 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4452	WELLS FARGO ACH	31,638.18	347,768.33	NOV. 2023 MISC CREDIT CARD PURCHASES	VARIOUS

KERN·HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2167	PG&E	31,546.76	412,121.47	DEC. 2023 UTILITIES	CORPORATE SERVICES
T4657	DAPONDE SIMPSON ROWE PC	29,298.00	465,942.07	OCT. 2023 LEGAL FEES	VARIOUS
T5520	BG HEALTHCARE CONSULTING, INC	29,100.00	277,687.50	NOV. 2023 PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T1861	CERIDIAN HCM, INC.	27,067.56	334,728.01	NOV. & DEC. 2023 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4255	HANSON BRIDGETT LLP ****	25,042.65	44,846.70	OCT. & NOV. 2023 LEGAL SERVICES	ADMINISTRATION
T3011	OFFICE ALLY, INC	23,743.59	346,796.07	NOV. 2023 EDI CLAIM PROCESSING	CLAIMS
T5298	TOTALMED, INC	23,402.91	125,819.48	NOV. 2023 TEMPORARY HELP	VARIOUS
T1183	MILLIMAN USA ****	22,084.00	93,156.50	OCT. 2023 CONSULTING SERVICES	ADMINISTRATION
T5496	GAMEDAY SPORTS ACADEMY ****	21,600.00	29,100.00	SPONSORSHIP FOR SPORTS ACTIVITIES	HEALTH EDUCATION
T5509	NGUYEN CAO LUU-TRONG ****	21,487.50	229,423.00	NOV. 2023 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	20,169.37	245,508.14	NOV. 2023 EDI CLAIM PROCESSING	CLAIMS
		4,425,701.77			
	TOTAL VENDORS OVER \$20,000	4,425,701.78			
	TOTAL VENDORS UNDER \$20,000	527,468.04			
	TOTAL VENDOR EXPENSES- DECEMBER	\$ 4,953,169.82			

Note:
****New vendors over \$20,000 for the month of December

KERN HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	7,261,385.20	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE	5,865,607.26	PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS INC	3,816,884.00	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	UTILIZATION MANAGEMENT-HE & QI
T4737	TEKSYSTEMS, INC.	2,908,188.55	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1408	DELL MARKETING L.P.	1,795,748.37	COMPUTER EQUIPMENT & SOFTWARE MAINTENANCE	MIS INFRASTRUCTURE
T5155	A-C ELECTRIC COMPANY	1,659,450.37	CARPOOL SOLAR PROJECT	CAPITAL
T3449	CDW GOVERNMENT	1,563,709.78	NUTANIX RENEWAL & ADOBE LICENSES	MIS INFRASTRUCTURE
T5684	REBELLIS GROUP LLC	1,513,803.71	MAPD BUSINESS CONSULTING	MEDICARE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	1,337,901.72	PROFESSIONAL SERVICES & ANNUAL LICENSING	VARIOUS
T3130	OPTUMINSIGHT, INC	1,270,750.51	ANNUAL LICENSED SOFTWARE	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	1,186,808.43	ANNUAL HEALTH CARE MANAGEMENT & SOFTWARE LICENSE	UTILIZATION MANAGEMENT
T5337	CAZADOR CONSULTING GROUP INC	1,132,180.81	TEMPORARY HELP	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	1,123,000.03	2023 -2024 INSURANCE PREMIUMS	ADMINISTRATION

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1845	DEPARTMENT OF MANAGED HEALTH CARE	1,016,951.10	2023-2024 MCAL ANNUAL ASSESSMENT	ADMINISTRATION
T4733	UNITED STAFFING ASSOCIATES	968,767.53	TEMPORARY HELP	VARIOUS
T1071	CLINICA SIERRA VISTA	912,881.47	HEALTH HOMES GRANT & PROVIDER CARE QUALITY GRANT PROGRAM	COMMUNITY GRANTS
T5466	ZIPARI, INC	903,835.36	2023 JIVA MEMBER PORTAL	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC	869,993.53	INTERPRETATION SERVICES	HEALTH EDUCATION
T2458	HEALTHCARE FINANCIAL, INC	804,883.65	PROFESSIONAL SERVICES	ADMINISTRATION
T4699	ZEOMEGA, INC	775,936.13	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T5432	CATALYST SOLUTIONS, LLC	662,854.37	PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T5503	SECURE-CENTRIC INC	660,258.41	RUBRIK ENTERPRISE SUPPORT	MIS INFRASTRUCTURE
T5022	SVAM INTERNATIONAL INC	601,867.57	PROFESSIONAL SERVICES	MIS ADMINISTRATION
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	590,822.18	VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T4237	FLUIDEDGE CONSULTING, INC	577,627.50	CONSULTING SERVICES	VARIOUS
WT/ACH	USPS	500,000.00	FUND KHS POSTAL ONE/EPS ACCOUNT	CORPORATE SERVICES
T5421	PREMIER ACCESS INSURANCE COMPANY	486,158.89	EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4331	COTIVITI, INC	477,025.92	2023 HEDIS LICENSE & PROFESSIONAL SERVICES	HEALTH SERVICES - QI
T4657	DAPONDE SIMPSON ROWE PC	465,942.07	LEGAL FEES	VARIOUS
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	427,162.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T5701	THE GRANGER NETWORK LLC	416,468.86	SUPERVISOR BOOTCAMP	ADMINISTRATION/HR
T2167	PG&E	412,121.47	UTILITIES	CORPORATE SERVICES
T2918	STINSON'S	393,228.10	OFFICE SUPPLIES	VARIOUS
T5344	SIGNATURE STAFF RESOURCES LLC	392,407.00	2023 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T5292	ALL'S WELL HEALTH CARE SERVICES	381,944.58	TEMPORARY HELP	VARIOUS
T2584	UNITED STATES POSTAL SVC - HASLER	370,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5562	JDM SOLUTIONS INC	365,320.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1128	HALL LETTER SHOP	351,047.33	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS	VARIOUS
T4452	WELLS FARGO	347,768.33	ACH- MISC CREDIT CARD PURCHASES	VARIOUS
T3011	OFFICE ALLY, INC	346,796.07	EDI CLAIM PROCESSING	CLAIMS
T4165	SHI INTERNATIONAL CO.	339,510.68	NETWORK SWITCHES WITH SUPPORT	MIS INFRASTRUCTURE

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1861	CERIDIAN HCM, INC.	334,728.01	MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T2726	DST PHARMACY SOLUTIONS, INC	304,745.63	PHARMACY CLAIMS	PHARMACY
T5520	BG HEALTHCARE CONSULTING, INC	277,687.50	PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T4353	TWE SOLUTIONS, INC	256,517.54	CORTEX XDR PRO LICENSES	MIS INFRASTRUCTURE
T3088	GLEN BROWN CONSULTING	253,193.75	CONSULTING	HEALTH SERVICES - IPP
T4460	PAYSPAN, INC	246,667.69	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	245,508.14	2023 EDI CLAIM PROCESSING	CLAIMS
T5509	NGUYEN CAO LUU-TRONG	229,423.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T5486	ALLIED GENERAL CONTRACTORS, INC	224,750.00	OFFICE PAINTING & CONSTRUCTION	CAPITAL
T4695	EDIFECS, INC.	218,582.73	ANNUAL TSM MAINTENANCE	MIS INFRASTRUCTURE
T4708	WAKELY CONSULTING GROUP, LLC FRMLY HEALTH MANAGEMENT ASSOCIATES, INC.	211,710.00	PROFESSIONAL SERVICES	ADMINISTRATION
T2413	TREK IMAGING INC	209,529.46	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4514	A.J. KLEIN, INC T.DENATALE, B. GOLDNER	200,413.12	LEGAL FEES	ADMINISTRATION
T2469	DST HEALTH SOLUTIONS, LLC	199,100.00	ANNUAL ACG LICENSE & SUPPORT	BUSINESS INTELLEGENGE
T4501	ALLIED UNIVERSAL SECURITY SERVICES	196,310.86	ONSITE SECURITY	CORPORATE SERVICES
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	191,356.01	WEBINAR REGISTRATIONS & SPECIAL DUES ASSESSMENT	VARIOUS
T5145	CCS ENGINEERING FRESNO INC	188,409.98	JANITORIAL SERVICES	CORPORATE SERVICES
T5546	BITWISE TECHNOLOGY CONSULTING, LLC	188,131.80	OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS
T5583	THE MIHALIK GROUP, LLC	185,077.50	NCQA TRAINING	HEALTH SERVICES - QI
T3001	MERCER ****	185,000.00	CONSULTING SERVICES	HUMAN RESOURCES
T5340	GARTNER INC	178,380.00	ANNUAL LEADERS INDIVIDUAL ACCESS ADVISOR - PROFESSIONAL SERVICES	MIS ADMINISTRATION
T5111	ENTISYS 360, E360	173,563.05	NUTANIX ACROPOLIS SOFTWARE LICENSE	MIS INFRASTRUCTURE
T2969	AMERICAN BUSINESS MACHINES INC	167,674.74	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T5781	SHELLMAN COMPLIANCE LLC	155,950.00	SECURITY ASSESSMENT SERVICES	CAPITAL
T5121	TPX COMMUNICATIONS	152,818.60	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T2955	DELTA ELECTRIC INC	152,755.00	BUILDING IMPROVEMENT/MAINTENANCE	CORPORATE SERVICES
T5291	PINNACLE RECRUITMENT SERVICES LLC	152,678.40	TEMPORARY HELP	VARIOUS

KERN·HEALTH SYSTEMS

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2933	SIERRA PRINTERS, INC	152,460.64	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T1022	UNUM LIFE INSURANCE CO.	151,784.77	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5329	RELAY NETWORK, LLC	144,999.91	TEXT MESSAGING SUBSCRIPTION	CAPITAL PROJECT
T1005	COLONIAL LIFE & ACCIDENT	142,580.74	LIFE INSURANCE PREMIUM	VARIOUS
T1272	COFFEY COMMUNICATIONS INC	134,017.42	MEMBER NEWSLETTER/WEBSITE IMPLEMENTATION	HEALTH EDUCATION/MEDIA & ADVERTISING
T5298	TOTALMED, INC	125,819.48	TEMPORARY HELP	VARIOUS
T5738	INSURICA - WALTER MORTENSEN INSURANCE	118,943.00	2023-2024 ANNUAL WORKERS' COMP PREMIUM	ADMINISTRATION
T4985	CYBERCODERS, INC	114,039.40	PROFESSIONAL SERVICES	MIS ADMINISTRATION
T4963	LINKEDIN CORPORATION	112,372.50	ANNUAL ONLINE TRAINING FOR ALL EMPLOYEES	HUMAN RESOURCES
T4503	VISION SERVICE PLAN	110,938.57	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	102,482.32	2023 EDI CLAIM PROCESSING	CLAIMS
T2941	KERN PRINT SERVICES INC	100,293.27	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T5734	CAROL ANN STILTNER	94,605.89	PROFESSIONAL SERVICES	MEDICARE
T2961	SOLUTION BENCH, LLC	94,001.55	M-FILES SOFTWARE ANNUAL RENEWAL	MIS INFRASTRUCTURE
T1183	MILLIMAN USA	93,156.50	CY2021/2022 TNE & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2509	USPS	91,780.14	PERMIT #88 SUMMER ISSUE FAMILY HEALTH MAGAZINE POSTAGE FUNDING	HEALTH EDUCATION
T4785	COMMGAP	86,901.25	INTERPRETATION SERVICES	HEALTH EDUCATION
T4217	CONTEXT 4 HEALTHCARE, INC	86,083.12	ANNUAL RENEWAL AMA FEES & CPT LICENSE	MIS INFRASTRUCTURE
T5319	CITIUSTECH INC	84,996.00	FAST+ ANNUAL MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4483	INFUSION AND CLINICAL SERVICES, INC	80,177.67	DIABETIC GRANT PROGRAM	COMMUNITY GRANTS
T4265	SIERRA SCHOOL EQUIPMENT COMPANY	80,127.61	BOARDROOM FURNITURE	CORPORATE SERVICES
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	78,000.00	2023 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4484	JACOBSON SOLUTIONS	76,148.22	TEMPORARY HELP	HEALTH SERVICES - UM
T5435	TEGRIA SERVICES GROUP - US, INC	74,037.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T5550	CHARTER COMMUNICATIONS OPERATING, LLC	73,803.45	INTERNET SERVICES	MIS INFRASTRUCTURE
T5696	ASA GLOBAL HEALTHCARE SERVICES PC	73,000.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T2446	AT&T MOBILITY	71,598.80	CELLULAR PHONE/INTERNET USAGE	MIS INFRASTRUCTURE
T4792	KP LLC	70,149.79	PROVIDER DIRECTORIES	PROVIDER NETWORK MANAGEMENT
T3986	JACQUELYN S JANS	65,970.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5741	HEALTHWISE, INCORPORATED	65,009.58	MEMBER SELF MANAGEMENT TOOLS	HEALTH EDUCATION
T5805	MAGNOLIA OPTIMA LLC	64,417.53	CONSULTING SERVICES	HUMAN RESOURCES
T5392	THE KNOWLEDGE ACADEMY INC	61,485.00	CA PROJECT MANAGEMENT TRAINING	MIS ADMINISTRATION
T2851	SINCLAIR TELEVISION OF BAKERSFIELD, LLC	60,870.00	ADVERTISEMENT - MEDIA	MARKETING
T4216	NEXSTAR BROADCASTING INC	59,770.00	ADVERTISEMENT - MEDIA	MARKETING
T5436	THE BEACON STUDIOS LLC	59,702.00	TV COMMERCIAL PRODUCTION	MEDIA & ADVERTISING
T4585	DELANO UNION SCHOOL DISTRICT	59,000.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS
T5524	REST & REASSURE, LLC	58,500.00	2023 PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T5743	INTEL AGREE, COLABS	58,375.00	CONTRACTING MANAGEMENT SOFTWARE	CAPITAL
T5751	EXCELL HCA, LLC	57,400.00	PROFESSIONAL SERVICES	PROJECT MANAGEMENT
T4934	APPLE INC.	55,236.44	EQUIPMENT - CELL PHONES	VARIOUS
T5592	BRAND CO MARKETING	53,011.55	KHS STORE INVENTORY ITEMS & PROMOTIONAL ITEMS	VARIOUS
T4607	AGILITY RECOVERY SOLUTIONS INC	52,545.47	PROFESSIONAL SERVICES	ADMINISTRATION
T5109	RAND EMPLOYMENT SOLUTIONS	52,410.84	TEMPORARY HELP	VARIOUS

KERN·HEALTH SYSTEMS

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Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5201	JAC SERVICES, INC	52,344.58	AC MAINTENANCE & SERVICE	CORPORATE SERVICES
T5199	MOSSMAN COFFEE SHOPS & CATERING, INC	52,333.52	ANNUAL STAFF PICNIC CATERING	HUMAN RESOURCES
T3972	JOURNEY AIR CONDITIONING CO., INC	51,989.00	HVAC NEW UNIT & INSTALL	CAPITAL
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	51,900.00	2022 AUDIT FEES	FINANCE
T2441	LAURA J BREZINSKI	51,000.00	MARKETING MATERIALS	MARKETING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	50,677.00	2023 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4182	THE LAMAR COMPANIES	50,482.42	OUTDOOR ADVERTISEMENT - BILLBOARDS	ADVERTISING
T5644	JENNIFER ELIZABETH CLANCY	49,500.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	48,900.00	OUTDOOR ADVERTISEMENT - BUSES	ADVERTISING
T5429	JANE MACADAM	48,775.18	2022/2023 HYBRID COMMUTING	COMPLIANCE
T5479	TRANSFORMING LOCAL COMMUNITIES, INC	48,611.30	2022/2023 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5802	MOTOR VEHICLE NETWORK	47,430.00	ADVERTISING -MOTOR VEHICLE NETWORK	MARKETING
T1655	KERN,KKXX,KISV,KGEO,KGFM,KEBT,KZOZ,KKJG,KVEC,KSTT, KRQK,KPAT	47,425.00	RADIO ADVERTISING	MARKETING

KERN·HEALTH SYSTEMS

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5408	MARY HARRIS	47,124.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T2641	MARANATHA GARDENING & LANDSCAPING, INC	46,277.50	2023 BUILDING MAINTENANCE	CORPORATE SERVICE
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	46,200.00	2023 COMMUNITY GRANT	COMMUNITY GRANTS
T5480	PRESS GANEY ASSOCIATES LLC	46,002.00	2023 ECM & PROVIDER SATISFACTION SURVEYS	VARIOUS
T5645	RIDGECREST REGIONAL HOSPITAL	45,000.00	PROVIDER QUALITY CARE GRANT PROGRAM	COMMUNITY GRANTS
T4255	HANSON BRIDGETT LLP ****	44,846.70	LEGAL FEES	ADMINISTRATION
T5107	CITRIX SYSTEMS, INC	42,619.20	CITRIX LICENSE RENEWAL	MIS INFRASTRUCTURE
T4605	KERNVILLE UNION SCHOOL DISTRICT	42,000.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS
T5687	IRISE EXECUTIVE COACHING LLC	42,000.00	EXECUTIVE RETREAT	ADMINISTRATION
T5313	HEALTH LITERACY INNOVATIONS, LLC	40,498.00	LITERACY ADVISOR ANNUAL SOFTWARE LICENSE	HEALTH EDUCATION
T1347	ADVANCED DATA STORAGE	40,303.60	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T4993	LEGALSHIELD	40,032.55	EMPLOYEE PAID VOLUNTARY COVERAGE	PAYROLL DEDUCTION
T5535	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT	40,000.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5367	ADVENTIST HEALTH DELANO	39,910.73	PROVIDER GRANT PROGRAM	COMMUNITY GRANT
T5467	MOSS ADAMS LLP	37,597.00	2023 CLAIMS AUDIT TOOL SUPPORT & LICENSES	MIS INFRASTRUCTURE
T5026	TEL-TEC SECURITY SYSTEMS	37,315.22	MONITORING SERVICES	CORPORATE SERVICES
T1694	KERN COUNTY FAIR	35,625.00	2023 FAIR SIGNAGE, EMPLOYEE TICKETS & PARKING	HUMAN RESOURCES & MARKETING
T4228	THE SSI GROUP, LLC	35,365.00	2023 EDI CLAIM PROCESSING	CLAIMS
T4059	KERN VALLEY HEALTHCARE DISTRICT	35,327.26	PROVIDER GRANT PROGRAM	COMMUNITY GRANT
T5757	BITFOCUS, INC ****	35,244.20	ENTERPRISE SOFTWARE LICENSING & DATA MODELING	CAPITAL PROJECT
T2578	AMERICAN HEART ASSOCIATION - KERN COUNTY	35,000.00	SPONSORSHIP	MEDIA & ADVERTISING
T1097	NCQA	34,502.56	HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T4230	COFFEE BREAK SERVICE, INC.	34,475.96	COFFEE SUPPLIES	CORPORATE SERVICES
T2921	DOUBLETREE BY HILTON BAKERSFIELD	34,303.43	PROVIDER FORUM EDUCATIONAL EVENT	PROVIDER NETWORK MANAGEMENT
T5831	CCS FACILITY SERVICES - FRESNO INC	34,158.70	JANITORIAL SERVICES	CORPORATE SERVICES
T5321	TYK TECHNOLOGIES LTD	34,000.00	TYK LICENSE RENEWAL 23/24	MIS INFRASTRUCTURE

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T3084	KERN COUNTY-COUNTY COUNSEL	32,578.00	LEGAL SERVICES	EXECUTIVE
T1007	FEDERAL EXPRESS CORP.	32,285.69	DELIVERY SERVICES	VARIOUS
T5568	MICHELLE OXFORD	30,910.89	CONSULTING SERVICES	EXECUTIVE
T5574	CARMAX AUTO SUPERSTORES, INC	30,451.85	COMPANY VEHICLE	CORPORATE SERVICES
T5012	KERN MEDICAL CENTER FOUNDATION	30,000.00	VALLEY FEVER WALK SPONSOSHIP	MARKETING
T5613	SMARTY, LLC	30,000.00	US ADDRESS VERIFICATION LICENSE	BUSINESS INTELLIGENCE
T5653	SUN OUTDOOR ADVERTISING LLC	29,935.00	OUTDOOR ADVERTISEMENT - BILLBOARDS	ADVERTISING
T4249	LOTUS BAKERSFIELD CORP	29,750.00	RADIO ADVERTISING	MARKETING
T4577	LA CAMPESINA, KBDS, KUFW, KMYX, KSEA, KBHH, KYLI, KCEC, KNAI	29,622.00	RADIO ADVERTISING	MARKETING
T5778	CONTOUR DATA SOLUTIONS, LLC ****	29,400.00	ANNUAL DATA SOLUTIONS	CAPITAL PROJECT
T5496	GAMEDAY SPORTS ACADEMY ****	29,100.00	COMMUNITY SPONSORSHIP	HEALTH EDUCATION
T4554	THE KEN BLANCHARD COMPANIES	28,845.93	LEADERSHIP TRAINING COURSES	HUMAN RESOURCES
T4982	NGC US, LLC	28,550.00	PREFUND MEMBER INCENTIVES - COVID 19 INCENTIVE PROGRAM	VARIOUS

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4195	SCRIPPS MEDIA, INC. DBA KERO-TV	28,015.00	ADVERTISEMENT - MEDIA	MARKETING
T5494	LDP ASSOCIATES, INC	27,300.00	2023/2024 DISASTER RECOVERY & PC COOLING MAINT.	VARIOUS
T5395	LIVONGO HEALTH, INC	27,258.00	EMPLOYEE MENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T5652	RACHAEL L HOBBS	27,153.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4375	EQUIFAX WORKFORCE SOLUTIONS, LLC	26,828.39	EMPLOYEE RECRUITMENT	HUMAN RESOURCES
T5300	CENTRAL VALLEY OCCUPATION MEDICAL GROUP, INC	26,780.00	COVID-19 TESTING	HUMAN RESOURCES
T5759	SHELLBY ROSE P DUMLAO	26,600.00	CONSULTING SERVICES	POPULATION HEALTH MANAGEMENT
T5791	WEINTRAUB TOBIN ****	26,580.00	LEGAL SERVICES	ADMINISTRATION
T4424	GUROCK SOFTWARE GmbH	26,565.97	TESTRAIL SOFTWARE RENEWAL	MIS INFRASTRUCTURE
T4417	KAISER FOUNDATION HEALTH PLAN - OR	26,382.36	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4544	BARNES WEALTH MANAGEMENT GROUP	26,260.00	RETIREMENT CONSULTING SERVICES	EXECUTIVE
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	26,190.47	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5420	PAYPRO ADMINISTRATORS	25,769.80	FSA EMPLOYEE BENEFIT	VARIOUS
T5578	KIMBERLY A MARTIN	25,665.50	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM

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Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5260	HD DYNAMICS SOFTWARE SOLUTIONS, CORP	25,625.00	CONSULTING FEES	PROVIDER NETWORK MANAGEMENT
T4731	GO TO TECHNOLOGY CONSULTING, LLC	25,062.00	INTERNET SERVICES	MIS INFRASTRUCTURE
T3057	TOUCH OF GLASS ****	24,225.00	EXTERIOR WINDOW CLEANING	CORPORATE SERVICES
T4611	LAMONT SCHOOL DISTRICT	24,000.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS
T5530	JONES LANG LASALLE AMERICAS, INC	23,960.00	CUBICLE SCHEDULING APP IMPLEMENTATION & TRAIING	CORPORATE SERVICES
T2787	SAGE SOFTWARE, INC	23,561.11	SAGE 300 CLOUD SOFTWARE ANNUAL RENEWAL	FINANCE
T5585	LIFETIME FITNESS INC	23,300.00	LIVE BETTER PROGRAM BUTTONWILLOW & DELANO	HEALTH EDUCATION
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC	23,125.00	NUTANIX HARDWARE & SOFTWARE - SECURITY PROGRAM ASSESSMENT	MIS INFRASTRUCTURE
T2601	RHL FIRE PROTECTION, INC ****	22,669.50	SPRINKLER INSPECTION & REPAIR	CORPORATE SERVICES
T2449	ASTRID ENRIQUEZ	22,556.83	CONSULTING SERVICES	HEALTH EDUCATION
T5159	AT&T CORP	22,352.80	INTERNET SERVICES	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5669	THE OPEN DOOR NETWORK	21,418.00	2023 SPONSORSHIPS & COMMUNITY GRANT	MARKETING
T5843	SEVEN OAKS COUNTRY CLUB ****	21,336.08	MANAGEMENT FORUM & PROVIDER BANQUETS	VARIOUS
T4466	MENTORS MOVING & STORAGE ****	20,459.00	STORAGE & MOVING LABOR	CORPORATE SERVICES
T5711	CALABRIO, INC.	20,159.50	TELEOPTI WFM LICENSES	MIS INFRASTRUCTURE
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	20,000.00	SPONSORSHIP & COMMUNITY GRANT	MARKETING
		60,444,349.05		
	TOTAL VENDORS OVER \$20,000	60,444,349.05		
	TOTAL VENDORS UNDER \$20,000	2,282,532.17		
	TOTAL VENDOR EXPENSES- DECEMBER	\$ 62,726,881.22		

Note:

****New vendors over \$20,000 for the month of December

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T1408	DELL MARKETING L.P.	966,802.45	(100) MONITORS, (50) LAPTOPS, ENTERPRISE AGREEMENT YR2, MICROSOFT LICENSES YR 3, AND OCT-DEC AZURE OVERAGES	MIS INFRASTRUCTURE
T1045	KAISER FOUNDATION HEALTH - HMO	797,552.29	JAN. 2024 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T3130	OPTUMINSIGHT, INC	746,059.00	CLAIMS EDITING SOFTWARE LICENSE RENEWAL	MIS INFRASTRUCTURE
T5111	ENTISYS 360, E360	707,112.71	VMWARE SOFTWARE LICENSE RENEWAL	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE	403,858.19	DEC. 2023 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T5684	REBELLIS GROUP LLC	250,337.50	NOV. 2023 MAPD BUSINESS CONSULTING	MEDICARE
T3022	MICROSOFT CORPORATION	219,030.00	NOV. - DEC. CONSULTING SERVICES	ENTERPRISE CONFIGURATION
T2469	DST HEALTH SOLUTIONS, LLC	200,350.00	ANNUAL ACG LICENSE FEE AND SUPPORT	BUSINESS INTELLIGENCE
T5340	GARTNER INC	189,765.00	ANNUAL LICENSES FOR EXECUTIVE LEADERSHIP TEAM	TECHNICAL ADMINISTRATIVE SERVICES
T1180	LANGUAGE LINE SERVICES INC	142,289.40	NOV. & DEC.. 2023 INTERPRETATION SERVICES	HEALTH EDUCATION
T4733	UNITED STAFFING ASSOCIATES	130,931.54	DEC. 2023 & JAN. 2024 TEMPORARY HELP - (1) FIN: (1) UM: (24) MS: (1) AD: (1) CS	VARIOUS
T5337	CAZADOR CONSULTING GROUP INC	113,236.80	NOV. 2023 TEMPORARY HELP - (16) MS: (1) CS: (1) AD	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	102,772.61	DEC. 2023 PROFESSIONAL SERVICES & EDI CLAIM PROCESSING	VARIOUS
T4737	TEKSYSTEMS, INC.	89,389.70	DEC. 2023 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	85,000.00	2024 MEMBER DUES	ADMINISTRATION
T5865	HARTE-HANKS RESPONSE MANAGEMENT/AUSTIN, INC	77,128.25	DEC. 2023 PROFESSIONAL SERVICES	MEMBER SERVICES
T5571	GHA TECHNOLOGIES INC	71,550.61	FORTINET SECURITY RENEWAL	MIS INFRASTRUCTURE
T3449	CDW GOVERNMENT	68,590.15	ANNUAL ADOBE RENEWAL	MIS INFRASTRUCTURE
T4963	LINKEDIN CORPORATION	65,388.50	LINKEDIN LEARNING 2024	HUMAN RESOURCES
T1272	COFFEY COMMUNICATIONS INC	59,379.32	WINTER MEMBER NEWSLETTER/WEBSITE IMPLEMENTATION	HEALTH EDUCATION/MEDIA & ADVERTISING
T4792	KP LLC	55,549.18	DEC. 2023 SUPPORT AND PROVIDER DIRECTORIES	PROVIDER NETWORK MANAGEMENT
T5022	SVAM INTERNATIONAL INC	54,265.00	DEC. 2023 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T5751	EXCELL HCA, LLC	52,500.00	NOV. & DEC. 2023 PROFESSIONAL SERVICES	PROJECT MANAGEMENT
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	51,521.00	2024 ANNUAL DUES	ADMINISTRATIVE
T5292	ALL'S WELL HEALTH CARE SERVICES	50,636.81	DEC. 2023 TEMPORARY HELP	HEALTH SERVICES - QI
T5421	PREMIER ACCESS INSURANCE COMPANY	46,074.50	JAN. 2024 EMPLOYEE HEALTH BENEFITS PREMIUM	VARIOUS
T4237	FLUIDEDGE CONSULTING, INC	45,337.50	NOV. & DEC. 2023 CONSULTING SERVICES	VARIOUS
T3088	GLEN BROWN CONSULTING	43,837.50	DEC. 2023 CONSULTING	BUSINESS INTELLEGENGE

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5890	DELTA DENTAL OF CALIFORNIA	42,762.47	JAN. 2024 EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T5564	CLARISHEALTH, INC	42,019.27	DEC. 2023 DRG AUDIT RECOVERIES	ADMINISTRATIVE
T4353	TWE SOLUTIONS, INC	41,803.56	2 JUNIPER SWITCHES, LICENSES AND SUPPORT	CAPITAL
T5344	SIGNATURE STAFF RESOURCES LLC	40,700.00	DEC. 2023 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T4563	SPH ANALYTICS	40,096.50	HEDIS CAHPS & ECM SURVEYS	MEMBER SERVICES & ECM
T2584	UNITED STATES POSTAL SVC. - HASLER	40,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4708	WAKELY CONSULTING GROUP, LLC FRMLY HEALTH MANAGEMENT ASSOCIATES, INC.	39,472.50	OCT. & NOV. 2023 PROFESSIONAL SERVICES	VARIOUS
T2941	KERN PRINT SERVICES INC	39,075.90	ENVELOPES AND LETTERHEAD	CORPORATE SERVICES
T2167	PG&E	38,796.87	JAN. 2024 UTILITIES	CORPORATE SERVICES
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	38,100.00	DEC. 2023 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5420	PAYPRO ACH	35,762.87	JAN. 2024 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5520	BG HEALTHCARE CONSULTING, INC	34,800.00	NOV. 2023 PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T2562	CACTUS SOFTWARE LLC	33,506.15	ANNUAL CREDENTIALING SOFTWARE RENEWAL	MIS INFRASTRUCTURE
T5742	INCLUSIVE INSIGHTS	30,000.00	DEC. - MAR. CONSULTING SERVICES	QUALITY & HEALTH EQUITY

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5291	PINNACLE RECRUITMENT SERVICES LLC	29,123.55	DEC. 2023 TEMPORARY HELP - (1) FIN: (2) CLM: (1) PNM; (1) MS: (1) HR	VARIOUS
T1861	CERIDIAN HCM, INC.	27,064.32	DEC. 2023 & JAN. 2024 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T5583	THE MIHALIK GROUP, LLC	26,717.50	OCT. 2023 CONSULTING SERVICES	HEALTH SERVICES - QI
T1128	HALL LETTER SHOP, INC	26,614.65	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS	VARIOUS
T4985	CYBERCODERS, INC	26,000.00	DEC. 2023 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T3011	OFFICE ALLY, INC	23,619.39	DEC. 2023 EDI CLAIM PROCESSING	CLAIMS
T5435	TEGRIA SERVICES GROUP - US, INC	22,400.00	DEC. 2023 CONSULTING SERVICES	BUSINESS INTELLIGENCE
T1183	MILLIMAN USA	22,082.25	NOV. 2023 CONSULTING SERVICES	ADMINISTRATION
T2413	TREK IMAGING INC	21,980.96	MEMBER PROMOTIONAL ITEMS, LANYARDS & HEART CLIPS FOR EMPLOYEES & KHS STORE INVENTORY	VARIOUS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	21,403.13	DEC. 2023 & JAN. 2024 SECURITY	CORPORATE SERVICES
T5319	CITIUSTECH INC	21,249.00	FAST + SUBSCRIPTION Q4 2023	MIS INFRASTRUCTURE
T5509	NGUYEN CAO LUU-TRONG	21,187.50	DEC. 2023 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5701	THE GRANGER NETWORK LLC	21,146.71	5 OF 12 EXECUTIVE COACHING & TRAVEL EXPENSES	ADMINISTRATION

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5298	TOTALMED, INC	20,884.48	DEC. 2023 TEMPORARY HELP	VARIOUS
T4452	WELLS FARGO ACH	20,793.31	DEC. 2023 MISC CREDIT CARD PURCHASES	VARIOUS
T4657	DAPONDE SIMPSON ROWE PC	20,508.00	NOV. 2023 LEGAL FEES	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	20,109.50	DEC. 2023 EDI CLAIM PROCESSING	CLAIMS
		<u>6,816,025.85</u>		
	TOTAL VENDORS OVER \$20,000	6,816,025.85		
	TOTAL VENDORS UNDER \$20,000	714,407.16		
	TOTAL VENDOR EXPENSES- JANUARY	<u>\$ 7,530,433.01</u>		

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
December 2023							
Harte Hanks	\$73,802.60	Yes	MS	Nate Scott	New Member Welcome Calls	12/1/2023	12/31/2023
Cotiviti	\$199,999.00	Yes	QP	Jake Hall	Medical Record Retrieval (MRR) services	12/5/2023	12/4/2024
Dell	\$120,600.40	Yes	IT	Richard Pruitt	(50) Laptops & (100) Monitors	12/11/2023	12/10/2027
KP	\$56,064.74	Yes	MRKT	Louie Iturriria	13,000 Provider Directories	12/15/2023	N/A
Preparis	\$103,425.84	Yes	CS	Andrea Hylton	Audit of Crisis management plans (Emergency Action, Disaster Recovery, and Business Continuity)	12/18/2023	12/17/2026
January 2024							
Press Ganey/SPH Analytics	\$81,696.00	Yes	ECM	Loni Hill-Pirtle	ECM Member Satisfaction Survey	1/1/2024	12/31/2026
HD Dynamics	\$50,000.00	Yes	PNM	Amisha Pannu	Consulting services for CRM process	1/2/2024	12/31/2024
Harte Hanks	\$198,064.00	Yes	MS	Nate Scott	Up to (3,200) New Member Welcome calls	1/1/2024	12/31/2024
E360	\$51,837.28	Yes	IT	Richard Pruitt	(52) licenses for VMware maintenance & technical support	1/1/2024	12/31/2024
Reliable Janitorial	\$199,008.00	Yes	CS	Andrea Hylton	Janitorial services	1/11/2024	1/10/2025
GHA Technologies	\$71,550.61	Yes	IT	Richard Pruitt	Fotinet-Fortigate Maintenance & Support for Security Appliances	1/1/2024	12/31/2024
Poppyrock	\$120,000.00	Yes	MRKT	Louie Iturriria	KHS & KFHC Graphic Design	1/2/2024	12/31/2025
Gartner	\$189,765.00	Yes	IT	Richard Pruitt	Executive Program Leadership licenses (3)	1/1/2024	12/31/2024
CDW-G	\$67,761.50	Yes	IT	Richard Pruitt	All Adobe licenses annual renewal (257)	1/26/2024	1/25/2025
The Granger Network	\$198,800.00	Yes	HR	Alan Avery	Front Lines Activation and Manager Bootcamp	1/1/2024	6/30/2024
BG Healthcare	\$199,000.00	Yes	QI	Dr. Martha Tasinga	Consulting services for the QI dept	1/1/2024	12/31/2024
BG Healthcare	\$199,000.00	Yes	PHM	Michelle Curioso	Consulting services for the PHM dept	1/1/2024	12/31/2024
CAQH	\$50,000.00	Yes	PNM	Amisha Pannu	Access to real-time Provider applications	1/25/2024	1/24/2025
Michael Nguyen	\$197,500.00	Yes	Health Equity	Traco Matthews	Consulting services	1/1/2024	12/31/2024

2023 TECHNOLOGY CONSULTING RESOURCES																	
ITEM	PROJECT	CAP/EXP	BUDGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD TOTAL	REMAINING BALANCE
#	Project Name																
1	Member Engagement	CAP	\$158,500	\$23,832	\$22,640	\$26,215	\$23,832	\$26,215	\$26,215	\$0	\$0	\$0	\$0	\$0	\$0	\$148,949	\$9,551
2	DSNP MCAS Star Software	CAP	\$158,500	\$0	\$0	\$0	\$0	\$0	\$0	\$17,476	\$21,602	\$18,447	\$20,631	\$17,719	\$20,631	\$116,506	\$41,994
3	Population Health Management	CAP	\$356,407	\$34,348	\$32,436	\$38,231	\$36,047	\$40,719	\$39,839	\$41,432	\$27,407	\$23,832	\$0	\$0	\$0	\$314,291	\$42,116
4	DSNP JIVA Medicare Module	CAP	\$81,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,215	\$19,066	\$21,449	\$66,730	\$15,020
5	Data Lineage and Cataloging System	CAP	\$91,012	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,480	\$17,600	\$19,360	\$10,560	\$9,680	\$75,680	\$15,332
6	IT Staff Augmentation	EXP	\$6,519,524	\$549,087	\$472,083	\$607,699	\$248,118	\$570,405	\$545,734	\$469,708	\$545,286	\$432,175	\$569,888	\$528,279	\$724,164	\$6,262,626	\$256,898
7	PM Staff Augmentation	EXP	\$1,185,600	\$17,940	\$91,885	\$142,020	\$391,554	\$157,653	\$147,951	\$134,758	\$133,185	\$171,713	\$239,501	\$209,419	\$211,253	\$2,048,832	(\$863,232)
8	DSNP Staff Augmentation	EXP	\$6,515,185	\$81,624	\$309,241	\$386,281	\$412,738	\$221,676	\$587,520	\$438,419	\$445,508	\$423,600	\$395,917	\$414,457	\$368,039	\$4,485,019	\$2,030,166
Totals:		Totals	\$15,066,478	\$706,831	\$928,285	\$1,200,446	\$1,112,289	\$1,016,668	\$1,347,258	\$1,101,793	\$1,191,467	\$1,087,367	\$1,271,512	\$1,199,500	\$1,355,216	\$13,518,632	\$1,547,846

Updated 03/25/24

