



**KERN HEALTH
SYSTEMS**

**REGULAR MEETING OF THE
BOARD OF DIRECTORS**

Thursday, October 15, 2020

at

8:00 A.M.

At

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

The public is invited.

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

AGENDA

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Regular Meeting
Thursday, October 15, 2020

8:00 A.M.

All agenda item supporting documentation is available for public review on the Kern Health Systems website: <https://www.kernfamilyhealthcare.com/about-us/governing-board/>
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 on the KHS website.

PLEASE REMEMBER TO TURN OFF ALL CELL PHONES, PAGERS OR ELECTRONIC DEVICES DURING BOARD MEETINGS.

BOARD TO RECONVENE

Directors: McGlew, Judd, Stewart, Deats, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Peters, Rhoades, Watson

ADJOURN TO CLOSED SESSION

CLOSED SESSION

- 1) Conference with Legal Counsel- Anticipated Litigation – (Government Code Section 54956.9)
- 2) Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) –

8:20 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

- 3) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THE MEETING FACILITATOR WILL INDICATE WHEN THERE IS 15 SECONDS REMAINING TO YOUR PRESENTATION TIME!

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

- 4) On their own initiative, Board members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code section 54954.2(a)(2))
- CA-5) Minutes for Kern Health Systems Board of Directors regular meeting on August 13, 2020 (Fiscal Impact: None) –
APPROVE

- 6) Report on Kern Health Systems Nominating Committee for the proposed appointment of officer to serve as KHS Board Treasurer, effective October 15, 2020
 APPOINT TREASURER
- 7) Report on 2020 State Legislative Update (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-8) Report on Kern Health Systems Strategic Plan for third quarter ending September 30, 2020 (Fiscal Impact: None) –
 RECEIVE AND FILE
- 9) Report on Department of Managed Health Care 2019 Routine Full Service Survey (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-10) Proposed Agreement with DST Health Solutions, LLC., for the licensing of the Predictive Modeling Tool, from November 1, 2020 through October 31, 2023 (Fiscal Impact: \$476,607; Budgeted) –
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- CA-11) Proposed Agreement with L5 Healthcare Solutions, Inc., for the licensing of the Claims Audit Tool, from December 1, 2020 through December 1, 2023 (Fiscal Impact: \$159,260; Budgeted) –
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 12) Report on Kern Health Systems financial statements for July 2020 and August 2020 (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-13) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000 and \$100,000 for July 2020 and August 2020 and IT Technology Consulting Resources for the period ending August 31, 2020 (Fiscal Impact: None) –
 RECEIVE AND FILE
- CA-14) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
 APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN
- 15) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance Report (Fiscal Impact: None) –
 RECEIVE AND FILE
- 16) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) –
 RECEIVE AND FILE

- 17) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) –
RECEIVE AND FILE
- CA-18) Proposed modifications to Kern Health Systems Formulary (Fiscal Impact: None) –
APPROVE
- CA-19) Miscellaneous Documents –
RECEIVE AND FILE
 - A) Minutes for KHS Finance Committee meeting on August 7, 2020

ADJOURN TO DECEMBER 10, 2020 AT 8:00 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the Board of Directors may request assistance at the Kern Health Systems office, 2900 Buck Owens Boulevard, Bakersfield, California 93308 or by calling (661) 664-5010. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

SUMMARY

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Regular Meeting
Thursday, August 13, 2020

8:00 A.M.

BOARD RECONVENED

Directors present: McGlew, Judd, Stewart, Deats, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Patel, Patrick, Peters, Watson

Directors absent: Nilon, Rhoades

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

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

BOARD ACTION SHOWN IN CAPS

ADJOURN TO CLOSED SESSION

Deats

CLOSED SESSION

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

8:20 A.M.

BOARD RECONVENED AT 8:20 A.M.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING AUGUST 2020** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR INITIAL CREDENTIALING; DIRECTOR JUDD ABSTAINED FROM VOTING ON GRAFF, MCCORMICK, ROSA; DIRECTOR STEWART ABSTAINED FROM VOTING ON CASTRO, AWAD, BAUTISTA, BAUTISTA, HANSON, HERNANDEZ, MENESES-SAMSON, MERCADO, MORALES, REYNAGA, SANTOYO, SUMAN; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON KANCHANAKHIN, GARCIA, MIRANDA, ONYEJEKWE, PRADO-YANG, RODRIGUEZ-GARCIA, TREBIZO

Item No. 1 concerning a Request for Closed Session regarding peer review PROVIDERS RECOMMENDED FOR **RECREREDENTIALING AUGUST 2020** of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPROVED ALL PROVIDERS RECOMMENDED FOR RECREREDENTIALING; DIRECTOR JUDD ABSTAINED FROM VOTING ON AIYLAM; DIRECTOR STEWART ABSTAINED FROM VOTING ON BRAMLETT, CASANOVA, CHENG; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON HASHEMI, IKE, MCDOWELL; DIRECTOR GARCIA ABSTAINED FROM VOTING ON SANYA

PUBLIC PRESENTATIONS

- 2) This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE AND SPELL YOUR NAME BEFORE MAKING YOUR PRESENTATION. THE MEETING FACILITATOR WILL INDICATE WHEN THERE IS 15 SECONDS REMAINING TO YOUR PRESENTATION TIME!

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CHAIRMAN MCGLEW ANNOUNCED THAT THE OCTOBER FINANCE MEETING AND BOARD MEETING WILL BE MOVED TO OCT. 9TH AND OCT. 15TH

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- CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on June 11, 2020 (Fiscal Impact: None) – APPROVED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 5) Welcome New Board Members to the Kern Health Systems Board of Directors (Fiscal Impact: None) – RECEIVED AND FILED
Melendez-Patel: 14 Ayes; 2 Absent – Nilon, Rhoades
- 6) Appreciation recognition of Linda Hinojosa for 8 years of dedicated service as a member of the Kern Health Systems Board of Directors (Fiscal Impact: None) – RECEIVED AND FILED
Peters-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 7) Proposed election to appoint a board member for the Board of Directors role of Treasurer (Fiscal Impact: None) – NOMINATING COMMITTEE TO CONVENE
Deats-Watson: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-8) Report on Kern Health Systems investment portfolio for the second quarter ending June 30, 2020 (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-9) Report on Kern Health Systems Strategic Plan for second quarter ending June 30, 2020 (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 10) Report on Kern Health Systems 2019 Utilization Management (UM) Program Evaluation and the 2020 UM Program Description (Fiscal Impact: None) – TRACY DOMINGUEZ, BAKERSFIELD FOR QUALITY HEALTH CARE, HEARD; APPROVED
Deats-Peters: 14 Ayes; 2 Absent – Nilon, Rhoades
- 11) Report on Kern Health Systems Quality Improvement (QI) 2019 Program Evaluation, 2020 QI Program Description and, the 2020 QI Program Work Plan (Fiscal Impact: None) – APPROVED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 12) Proposed appointments to the Kern Health Systems Public Policy/Community Advisory Committee (Fiscal Impact: None) – APPOINTMENTS MADE
Watson-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades

- CA-13) Proposed Agreement with Cotiviti, Inc., for Healthcare Effectiveness Data and Information Set (HEDIS) software that is required to report annual health quality metrics to the State of California, from September 8, 2020 through September 7, 2022 (Fiscal Impact: \$300,625; Budgeted) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-14) Request to Authorize approval of contracts associated with the procurement of Fast Healthcare Interoperability Resources (FHIR) System and Professional Services with one of the three vendors (upon completion of contracting) in the amount not to exceed \$850,000 over five (5) years in capital expenses to complete the Interoperability corporate project (Fiscal Impact: \$850,000; Budgeted) -
APPROVED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-15) Proposed Agreement with Commercial Cleaning Systems, Inc., Proposed Agreement with Commercial Cleaning Systems, Inc., for commercial janitorial services for 2900 Buck Owens Blvd., from September 6, 2020 through September 5, 2021 (Fiscal Impact: \$170,000 annually; Budgeted) –
APPROVE; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 16) Report on Kern Health Systems financial statements for May 2020 and June 2020 (Fiscal Impact: None) –
RECEIVED AND FILED
Melendez-Deats: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-17) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000 and \$100,000 for May 2020 and June 2020 IT Technology Consulting Resources for the period ending May 31, 2020 (Fiscal Impact: None) –
RECEIVED AND FILED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- CA-18) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades
- 19) Report on Kern Health Systems Operation Performance and Review of the Kern Health Systems Grievance Report (Fiscal Impact: None) – – ALAN AVERY, CHIEF OPERATING OFFICER, PRESENTED THE 2020 2ND QUARTER GRIEVANCE REPORT TO THE BOARD; GRIEVANCES OVERALL FOR THE 2ND QUARTER DECREASED PRIMARILY DUE TO THE COVID-19 PANDEMIC. MR. AVERY REVIEWED THE DIFFERENT TYPES OF GRIEVANCES WITH THE BOARD - FORMAL AND EXEMPT. THE SIX FORMAL GRIEVANCE TYPES INCLUDED ACCESS TO CARE, COVERAGE DISPUTE, MEDICAL NECESSITY, OTHER,

POTENTIAL INAPPROPRIATE CARE AND QUALITY OF SERVICE. THE OTHER MAJOR CATEGORY IS EXEMPT GRIEVANCES, WHICH ARE INFORMAL COMPLAINTS. MR. AVERY REVIEWED WITH THE BOARD HOW GRIEVANCES ARE PROCESSED AND A DISPOSITION DECISION IS REACHED. EACH GRIEVANCE COMES TO MEMBER SERVICES FROM EITHER A MEMBER OR A PROVIDER. THE GRIEVANCE COORDINATOR RESEARCHES THE FACTS OF THE GRIEVANCE, REQUESTS MEDICAL RECORDS IF NEED OR INPUT FROM THE PROVIDER, REQUESTS A MEDICAL DIRECTOR OR PHARMACIST REVIEWS THE CLINICAL RECORDS TO DETERMINE IF NEW INFORMATION WAS RECEIVED TO CHANGE THE DECISION. A RECOMMENDATION IS THEN MADE TO THE WEEKLY GRIEVANCE COMMITTEE FOR DISCUSSION AND APPROVAL. THIS COMMITTEE IS COMPRISED OF A MEDICAL DIRECTOR, AND REPRESENTATIVES FROM UM, QUALITY, CASE MANAGEMENT, PROVIDER NETWORK MANAGEMENT, COMPLIANCE AND THE COO. THE COMMITTEE REVIEWS THE FACTS OF THE CASE PRIOR TO THE MEETING, REVIEWS THE RECOMMENDATION AND COMES TO A DECISION. IN REVIEWING THE DISPOSITION OF THE 505 GRIEVANCES FOR THE QUARTER, MR. AVERY REPORTED THE MEDICAL NECESSITY GRIEVANCES ARE THE CATEGORY WITH THE MOST GRIEVANCES. THE MAJORITY OF THOSE GRIEVANCES ARE PRIMARILY RADIOLOGY REFERRALS AND PAIN MANAGEMENT REFERRALS. OF THE TOTAL MEDICAL NECESSITY GRIEVANCES 60% OF THE ORIGINAL DECISIONS WERE UPHELD BY THE GRIEVANCE COMMITTEE AND 33% WERE REVERSED AND RULED IN FAVOR OF THE MEMBER AND 7% WERE STILL UNDER REVIEW. THE PRIMARY REASON WE UPHOLD THE MAJORITY OF THE DECISIONS IS WE ARE UNABLE TO FIND SUPPORTING DOCUMENTATION FROM THE PROVIDER OR THE MEMBER TO CONFIRM THE REQUEST MEETS APPROPRIATE MEDICAL CRITERIA. THE OTHER NOTEWORTHY MAJOR CATEGORY OF GRIEVANCES IS POTENTIAL INAPPROPRIATE CARE ISSUES. ONCE THESE GRIEVANCES ARE RECEIVED, WE ACKNOWLEDGE RECEIPT TO THE MEMBER AND THEN FORWARD ALL OF THEM TO THE QUALITY DEPARTMENT FOR FURTHER REVIEW, INVESTIGATION AND RESOLUTION.
RECEIVED AND FILED

Melendez-Peters: 14 Ayes; 2 Absent – Nilon, Rhoades

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

Peters-Patel: 14 Ayes; 2 Absent – Nilon, Rhoades

- 20) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – TRACY DOMINGUEZ; HEARD
RECEIVED AND FILED

Peters-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades

CA-22 Miscellaneous Documents –
RECEIVED AND FILED
Deats-Melendez: 14 Ayes; 2 Absent – Nilon, Rhoades

A) Minutes for KHS Finance Committee meeting on June 5, 2020

ADJOURN TO THURSDAY, OCTOBER 15, 2020 AT 8:00 A.M.
Patrick

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



To: KHS Board of Directors
From: Timothy McGlew, Chairman
Date: October 15, 2020
Re: Election of Treasurer

Background

The Treasurer is elected by majority vote of the Directors and may serve a term of not more than three (3) years at the Board's discretion. Among other responsibilities, the Treasurer, through the Chief Financial Officer sees that adequate and correct accounts are maintained of the properties and business transactions of KHS.

At the Board of Director's meeting of August 13th, the Board instructed the Chair to convene the Nominating Committee should more than one member of the Board wish to serve as Treasurer. Two names were submitted for consideration (Elsa Martinez and Wayne Deats) prompting the Chair to convene the Nominating Committee on October 1st to review each candidate's experience and qualifications for the role of Treasurer.

Candidate Review and Evaluation

The following provides a brief summary of Director Martinez's and Director Deats's background and professional experience qualifying them for the position of Treasurer:

- **Elsa Martinez** serves as the Senior County Administrative Officer Manager for Kern County. She has been a financial professional with governmental, healthcare and financial management experience. She has a B.S in Business Administration and is a CPA. Her familiarity with KHS is new having just begun her 1st term on the Board. She has had no formal involvement with KHS until now.
- **Wayne Deats** is a retired insurance executive and a former CFO. He has been a financial professional in both the private and public sector. He has government, health care and financial management experience serving as a business consultant, hospital administrator and Chief Financial Officer during his professional career. He has a B.S. in Accounting. He has served on the KHS Board since 2011, Chairman of the Finance Committee since 2013.

Their profiles were matched to qualifications sought in a Treasurer. In each area, both candidates received high marks showing a broad knowledge of finance and government programs. The distinguishing factors were Director Deats' knowledge of the health insurance industry (KHS being a licensed insurer) and familiarity with KHS having served several years as a Board member and as Chairmen of the Finance Committee.

| <i>Qualifications</i> | <i>Elsa Martinez</i> | <i>Wayne Deats</i> |
|---|----------------------|--------------------|
| <i>Financial education (Acct.)</i> | <i>x</i> | <i>x</i> |
| <i>Financial Experience (Leadership Role)</i> | <i>x</i> | <i>x</i> |
| <i>Health Insurance experience</i> | | <i>x</i> |
| <i>Health Care experience</i> | <i>x</i> | <i>x</i> |
| <i>KHS Experience</i> | | <i>x</i> |
| <i>Gov Programs Exp.</i> | <i>x</i> | <i>x</i> |

Apart from the Board's choice for Treasurer, the Nominating Committee expressed their desire that Director Martinez participate on the Finance Committee to expand her knowledge of the organization and the financial accounting and actuarial risk assessment and financial forecasting practices (IBNR liabilities) common to insurance companies like KHS. Furthermore, the Nominating Committee believe she would be a valuable contributor to the Finance Committee deliberation.

Requested Action

For appointment of Board Treasurer, the Nominating Committee recommends the Board adopt the following:

- The term of office for the Treasurer be for one year only.
- Director Deats be appointed as Treasurer.
- Director Martinez be asked to serve as a member of the Finance Committee.



To: KHS Board of Directors
From: Douglas Hayward, CEO
Date: October 15, 2020
Re: 2020 Legislative Summary

Background

The 2020 State Legislative session ended on September 30th as this was the deadline for the Governor to sign or veto bills.

Throughout the legislative cycle KHS staff has worked with our trade associations providing feedback and monitoring pending bills. Staff tracked 45 bills with potential impact to the plan, and 6 of those passed the legislature and were signed by the Governor. Several of the bills that passed were amended to have minimal impact to KHS.

Jeremy McGuire, Senior Director of Government Relations and Strategic Development, will provide a review of the 2020 State Legislative Session, the State Budget process, and the resulting impacts to KHS.

Requested Action

Receive and file.



2020 Legislative Summary

October 15, 2020



Background

- The 2020 State Legislative session ended on 9/30 as this was the deadline for the Governor to sign or veto bills.
- 45 Bills were being tracked. Of those, 6 passed the legislature and were signed by the Governor.
- Worked internally and with Trade Associations to monitor, analyze, and advocate on relevant bills throughout the year.
- COVID-19's impact to the State Legislature and Budget.



State Budget

- **Deficit and negotiations**
 - Governor's May Revision projected a \$54 billion deficit and recommended numerous programmatic cuts to the Medi-Cal program.
 - The legislature's proposal rejected many of the Governor's cuts.
 - By the end of June the Governor and Legislature had come to agreement on a budget solution, avoiding many Medi-Cal cuts.
 - KHS staff worked with our Trade Associations to advocate on relevant budget items throughout the negotiation process.
- **Final impacts**
 - Notable items impacting KHS include: retro-active and prospective Medi-Cal Managed Care rate cuts, a delay in the DHCS CalAIM initiatives, and the continuation of the Pharmacy Carve-Out.
- **Triggers**
 - Budget included cuts that could be reversed (triggered) if Federal Funding received by October 15th.
 - After negotiations, cuts were mostly to education and State wages.



CaAIM

- CaAIM is DHCS' multi-year initiative to implement overarching policy changes across all Medi-Cal delivery systems.
- Originally scheduled to begin 1/1/21, the final State Budget failed to fund CaAIM, leading to an announcement of delay by DHCS.
- DHCS is currently requesting CMS approval to extend current programs, mostly "as-is" through 2021.
- DHCS remains committed to CaAIM in the long-term and should resume discussions in the future.
- 2021 State Budget will impact what can be pursued.



State Legislation

- COVID-19 Legislation – Worker protections. AB 2537 PPE, AB 685 Worker Notifications.
- Notable Passed Bills –
 - AB 890 (Wood) - Allows qualified nurse practitioners to practice medicine without a physician’s supervision after working under physician supervision for at least three years and receiving certification. Doesn't take effect until 2023.
 - AB 2276 (Reyes) – Requires MCPs to identify members who are missing a lead blood screening and notify their provider quarterly. Providers must document refusal of the screening in the medical record. Additional MCP reporting to DHCS.



Next Steps

- Further internal discussions to review bill impacts and develop implementation strategies.
- Bills impacting KHS will result in further guidance by our regulators (DMHC and/or DHCS).
- KHS staff will be involved with Trade Associations and DHCS/DMHC in developing draft policies where relevant.
- Final policies are shared with plans via contract amendment or “All-Plan Letters” that outline specific requirements and timelines.
- Material changes to KHS policy or budget will be independently raised to the Board of Directors as needed.
- Preparations for 2021 Legislative Session and State Budget Cycle.



To: KHS Board of Directors
From: Douglas Hayward, CEO
Date: October 15, 2020
Re: Update on KHS Strategic Plan

Background

After the close of each quarter Management updates the Board on KHS' Strategic Plan progress. With the conclusion of Q3 2020 of the 2018-2020 Strategic Plan, staff has included a presentation showing the current status. KHS is currently on track for items that were targeted for completion in the 3rd quarter 2020.

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

There are 4 items in "yellow" status related to initiatives that have been delayed by DHCS due to COVID-19 and the subsequent State budget deficits. Implementation dates on these items are now TBD and KHS is awaiting further guidance from DHCS.

Requested Action

Receive and file.



Q3 2020 Strategic Plan Update

October 15th, 2020



Background

- In November 2017 a Board and Executive strategy meeting was held to begin shaping the 2018-2020 KHS strategic plan. This was followed by an internal work effort to further define key initiatives, action items, and projects directly supporting the newly defined Strategic Plan. In February 2018 the KHS Board of Directors approved the 2018-2020 Strategic Plan.
- With Q3 2020 coming to an end, management has prepared a status update on the key initiatives currently in progress within the Strategic Plan.
- **Green** = On Track, **White** = Not Started, **Gray** = Completed, **Yellow** = Behind Schedule, **Red** = Incomplete/Canceled



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

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|---|------------|------------|------------|-------------|
| Align Compensation and Network Configuration to improve service quality and value in the health care delivery system | | | | |
| Look to ways to compensate providers through value based purchasing using cost –effective, quality driven Alternative Reimbursement Arrangements. | | | | Emily Duran |
| Define clinical activities where Value Based Purchasing applies | 1/1/2018 | 3/31/2018 | 100.00% | |
| Establish priority list of clinical services and treatment modalities for consideration. | 1/1/2018 | 3/31/2018 | 100.00% | |
| Custom design payment strategies unique to specific care delivery systems | 4/1/2018 | 8/1/2019 | 100.00% | |
| Determine desired outcome(s) for each | 4/1/2018 | 12/31/2018 | 100.00% | |
| Determine impact to KHS internal operations for 2018 priorities | 4/1/2018 | 7/1/2019 | 100.00% | |
| Develop provider specific proposals for 2018 priorities | 1/1/2018 | 8/1/2019 | 100.00% | |
| For 2018 priorities Initiate provider contract revisions to change or enhance | 4/1/2018 | 8/1/2019 | 100.00% | |
| For 2018 priorities, begin monitoring to determine if targeted outcomes are achieved | 1/1/2019 | 8/1/2019 | 100.00% | |
| Determine impact to KHS internal operations for 2019 priorities | 1/1/2019 | 8/1/2019 | 100.00% | |
| Develop provider specific proposals for 2019 priorities | 1/1/2019 | 12/31/2019 | 100.00% | |
| For 2019 priorities Initiate provider contract revisions to change or enhance | 1/1/2019 | 9/30/2019 | 100.00% | |
| For 2019 priorities, begin monitoring to determine if targeted outcomes are achieved | 1/1/2019 | 10/31/2019 | 100.00% | |
| Design data tracking/reporting to determine achievement of the desired outcome | 1/1/2020 | 6/30/2020 | 100.00% | |
| Determine impact to KHS internal operations for 2020 priorities | 1/1/2020 | 12/1/2020 | 95.00% | |
| Begin monitoring to determine if targeted outcomes are achieved | 1/1/2020 | 12/1/2020 | 95.00% | |



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

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|---|------------|------------|------------|-----------------------------|
| Align Compensation and Network Configuration to improve service quality and value in the health care delivery system | | | | |
| Focus on internal departmental restructuring, fostering partnership, and utilization of new technologies. | | | | Deborah Murr |
| Reorganize UM, DM, CM Depts. to more effectively implement and monitor the Triple | 1/1/2018 | 3/31/2018 | 100.00% | |
| Revise the Prior Authorization list to ensure appropriate care for treatment requested | 1/1/2018 | 3/31/2018 | 100.00% | |
| Augment referral network using telehealth alternatives | 1/1/2018 | 5/31/2018 | 100.00% | |
| Identify vendor platforms for Medical Necessity Determination | 1/1/2018 | 6/30/2018 | 100.00% | |
| Incorporate risk stratification methodology to identify future risk populations for early intervention to prevent or stabilize medical condition(s) and reduce cost through early | 1/1/2018 | 7/31/2018 | 100.00% | |
| Develop a provider network configuration strategy designed to achieve optimum health care system performance around the Triple Aim of “Right Care, Right Time, and Right Setting”. | | | | Emily Duran Deborah Murr |
| Review network configuration to address Physical, Behavioral and Social Determinants | 1/1/2018 | 11/30/2018 | 100.00% | |
| Adjust network configuration for changing population need and/or medical complexity | 4/1/2018 | 11/30/2018 | 100.00% | |
| Using evidence based medicine as the standard, identify network gaps or limitations | 4/1/2018 | 12/31/2018 | 100.00% | |
| Develop delivery system model to address needs at all levels using existing provider network, County Mental Health, County Human Services and Community Based Organizations | 4/1/2018 | 12/31/2018 | 100.00% | |
| Develop clinical algorithms for Provider education to promote consistent management of member condition | 4/1/2018 | 7/31/2019 | 100.00% | Deborah Murr |
| Establish provider compensation arrangements to support structure and performance goals, monitor expected outcomes | 4/1/2018 | 10/31/2018 | 100.00% | |
| Ensure systems in place to communicate and coordinate patient care across the physical and mental health divide. | 4/1/2018 | 11/15/2019 | 100.00% | Deborah Murr |
| Determine internal and external (Provider) operational needs to support concept | 4/1/2018 | 11/15/2019 | 100.00% | Deborah Murr |
| Determine internal and external capital requirements where necessary to support | 4/1/2018 | 11/15/2019 | 100.00% | Deborah Murr |
| Implementation | 4/1/2018 | 12/31/2019 | 100.00% | Deborah Murr |



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

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|--|------------|------------|------------|-----------------------|
| Prepare for New Benefits / Programs / Coverage Populations / Regulations | | | | |
| Prepare for new or modified benefits, expanded coverage, or changes to the tracking and reporting requirements as required by government agencies | | | | Jeremy McGuire |
| Determine the impact of changes to benefits or population coverage categories, or monitoring and reporting requirements on KHS and provider network | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| BHT Expansion | 1/1/2018 | 7/31/2018 | 100.00% | Deborah Murr |
| Diabetes Prevention Program | 1/1/2018 | 12/31/2018 | 100.00% | Deborah Murr |
| DHCS Sanctions | 3/1/2019 | 6/30/2019 | 100.00% | Jeremy McGuire |
| 2019 State Budget Items | 1/1/2019 | 7/30/2019 | 100.00% | Jeremy McGuire |
| DHCS Rx Carve-Out | 1/1/2019 | 6/30/2020 | 100.00% | Bruce Wearda |
| DHCS LTC and Transplant Carve-In | 9/1/2019 | TBD | On Hold | Deborah Murr |
| CalAIM | 11/1/2019 | TBD | On Hold | Jeremy McGuire |
| ECM / ILOS | 11/1/2019 | TBD | On Hold | Deb Murr |
| LTC @ Home | 6/1/2020 | TBD | On Hold | Martha Tasinga |
| Establish a project plan for instituting new benefits, coverage expansion, or tracking and reporting requirements | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Palliative Care | 1/1/2018 | 3/31/2018 | 100.00% | Deborah Murr |
| Health Homes | 1/1/2018 | 12/31/2019 | 100.00% | Julie Worthing |
| Diabetes Prevention Program | 11/1/2018 | 4/26/2019 | 100.00% | Martha Tasinga |
| DHCS Sanctions Projects | 6/1/2019 | 6/30/2020 | 100.00% | Deborah Murr |
| Rx Carve-Out | 4/30/2020 | 12/31/2020 | 60.00% | Deb Murr |
| Determine the impact of Managed Care Final Rule (MCFR) to KHS, its policy, procedures, protocols and tracking and reporting functions. | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Establish a project plan for adopting MCFR requirements instituting new benefits, coverage expansion, or tracking and reporting requirements | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Hospital Directed Payments | 7/30/2018 | 10/31/2020 | 95.00% | Jeremy McGuire |
| COBA | 1/1/2018 | 2/28/2019 | 100.00% | Jeremy McGuire |
| Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations. | 1/1/2018 | 12/31/2020 | 90.00% | Carmen Dobry |



Goal 3 – Increase Member Engagement in their Health Care

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



Goal 4 – Assure Kern Health Systems’ Long-Term Viability

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|--|------------|------------|------------|------------------------------|
| Assure Kern Health Systems Long Term Viability | | | | |
| Maintain a Financially viable organization capable of meeting its obligations to its members, providers, and government agencies. | | | | Robert Landis |
| Annually develop an operating budget enabling KHS to achieve its annual goals | 6/1/2020 | 12/10/2020 | 50.00% | Robert Landis |
| Annually develop capital budget to support new programs, member growth and benefits expansion | 9/1/2020 | 12/10/2020 | 50.00% | Robert Landis Robin Plumb |
| Determine Capital Budget And Estimated Depreciation Expense | 9/1/2020 | 10/23/2020 | 80.00% | |
| Prepare 2021 Capital Budget | 9/1/2020 | 10/23/2020 | 80.00% | |
| Executive Review And Discussion - Executives to Review Capital Budget | 10/5/2020 | 10/23/2020 | 0.00% | |
| Draft Capital Presented To Finance Committee | 10/19/2020 | 11/13/2020 | 0.00% | |
| Final Capital Presented To Finance Committee - December Meeting | 11/16/2020 | 12/4/2020 | 0.00% | |
| Final Capital Presented To KHS Board For Approval - December Meeting | 12/4/2020 | 12/10/2020 | 0.00% | |
| Retain sufficient reserves to protect KHS from unexpected events to include but not limited to: unforeseen underwriting risks (adverse selection), actuarially unsound rates, un-financed or under financed required benefits, payment delays, future growth | 1/1/2020 | 12/31/2020 | 70.00% | Robert Landis |
| Maintain an on-going dialogue with DHCS over reimbursement for any current or proposed, programs, benefits, aid categories or services KHS is required to provide by the State or Federal governments. | 1/1/2020 | 12/31/2020 | 70.00% | Robert Landis |
| Relocate KHS offices to its new facility which is convenient to members and able to house all functions in one location. | | | | Emily Duran, MSA |
| Issue Notice to Proceed with Phase II to S.C. Anderson | 1/1/2018 | 1/31/2018 | 100.00% | |
| Obtain Grading Permits | 1/1/2018 | 2/28/2018 | 100.00% | |
| Complete Phase III – Notice Inviting Bids | 5/30/2018 | 1/31/2019 | 100.00% | |
| Novate all Contracts to S.C. Anderson | 6/1/2017 | 1/31/2019 | 100.00% | |
| Commence Construction | 12/1/2017 | 2/2/2018 | 100.00% | |
| Obtain appropriate property / earthquake insurance | 1/1/2018 | 9/30/2018 | 100.00% | |
| Monitoring of Owner Controlled Insurance Program | 1/1/2019 | 12/31/2019 | 100.00% | |
| Monitor On-Going Construction | 1/1/2019 | 12/31/2019 | 100.00% | |
| Monitor Construction Budget | 1/1/2019 | 12/31/2019 | 100.00% | |
| Compliance Oversight GC | 1/1/2019 | 12/31/2019 | 100.00% | |
| Coordinate Move | 9/30/2018 | 9/15/2019 | 100.00% | |
| Occupancy | 7/1/2019 | 9/15/2019 | 100.00% | |



Goal 4 – Assure Kern Health Systems’ Long-Term Viability

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|---|------------|------------|------------|-------------------------------|
| Assure Kern Health Systems Long Term Viability | | | | |
| Consider opportunities to expand KHS business suitable to the mission and business model. | | | | Jeremy |
| Monitor key regulatory areas of MC Waiver, SUDS, APM/CP3 FQHC payment reform and | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Monitor Medi-Cal marketplace trends e.g. Continuation of the two-plan model, entrance of new commercial managed care plans and public plan option in the ACA | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Continue expanding HHP model to additional qualified contracted provider’s sites sufficient to meet the requirements as determined by DHCS. | 1/1/2018 | 12/31/2020 | 90.00% | Julie Worthing Emily Duran |
| Continue participation in implementation of Whole Person Care | 1/1/2018 | 2/28/2018 | 100.00% | Emily Duran, |
| Monitor internal capacity and regulatory landscape for initiating: CCI (Duals),MH Expansion (S and P population),SUD, LTC and IHSS | 1/1/2018 | 12/31/2020 | 90.00% | Jeremy McGuire |
| Consider future Medicare SNP expansion | 1/1/2020 | 6/30/2020 | 100.00% | Jeremy McGuire |
| Ensure achievement of the annual Medical Loss Ratio as determined in KHS’s annual budget | | | | Deborah Murr |
| Review utilization and cost trends by aid category and medical service category over the past 12 months. Internal Reallocation of resources to address inefficiency or duplication of services in the Provider Network. | 1/1/2018 | 12/31/2020 | 75.00% | |
| Review applicable changes in treatment modalities or best practices impacting respective medical service categories. | 1/1/2018 | 12/31/2020 | 75.00% | |
| Identify potential medical service areas for impact and determine intervention strategies(s) required to achieve desired results | 1/1/2018 | 12/31/2020 | 75.00% | |
| Develop reporting and monitoring system | 1/1/2018 | 12/31/2020 | 75.00% | |



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

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|--|------------|------------|------------|----------------|
| Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale. | | | | |
| Continue to maximize utility of the new UM, CM, DM and QI operating system to integrate medical management responsibilities using a single platform (JIVA). | | | | Deborah Murr |
| Refine JIVA Phase 1 application components to meet production and performance requirements: UM Workflows, Ops Systems Platform Integration, Data Reporting and Analytics Config, JIVA Training | 1/1/2018 | 3/31/2018 | 100.00% | |
| Implement JIVA Phase 2 components: CM/DM/HE/ Appeals, MCG Point of Service (POS), JIVA / QNXT interphase | 1/1/2018 | 6/30/2020 | 100.00% | |
| Implement JIVA Phase 3 to integrate HHP and QI Programs | 1/1/2018 | 7/1/2019 | 100.00% | |
| Include prospects in annual project planning | 1/1/2018 | 12/31/2020 | 80.00% | |
| Develop project budgets along with ROI and/or cost-benefit analysis | 1/1/2018 | 12/31/2020 | 80.00% | |
| Continuously monitor and control for operational effectiveness | 1/1/2018 | 12/31/2020 | 80.00% | |
| Increase data sharing between and among providers and KHS to reduce health care cost and/or enhance the patient care experience | | | | Richard Pruitt |
| Identify opportunities for sharing information (e.g. Health Homes Program, telehealth, EDI) | 1/1/2018 | 12/31/2019 | 100.00% | |
| Educate applicable providers about the importance of data sharing to reduce health care costs and/or enhance the patient care experience. | 1/1/2018 | 12/31/2019 | 100.00% | |
| Develop approaches KHS can implement with providers to achieve a level of data sharing | 1/1/2018 | 12/31/2019 | 100.00% | |
| Analyze and evaluate products or methods for effectiveness and compatibility with the health plan and provider community | 1/1/2018 | 12/31/2019 | 100.00% | |
| Complete a cost benefit analysis of the data sharing program | 1/1/2018 | 12/31/2018 | 100.00% | |
| Present to Board of Directors | 1/1/2018 | 12/31/2018 | 100.00% | |
| Create plan for implementation | 1/1/2018 | 12/31/2018 | 100.00% | |
| Implement regulatory interoperability requirements | 3/1/2020 | 3/31/2021 | 45.00% | |
| Review and analyze requirements | 3/1/2020 | 7/17/2020 | 100.00% | |
| Procure/build solution | 5/1/2020 | 12/31/2020 | 60.00% | |
| Market/train constituents | 7/1/2020 | 3/31/2021 | 0.00% | |
| Available for utilization | 12/31/2020 | 3/31/2021 | 0.00% | |



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

| Task Name | Start Date | Due Date | % Complete | Assigned To |
|--|------------|------------|------------|--------------------------------------|
| Optimize the use of technology to improve service to constituency and increase administrative / operations economies of scale. | | | | |
| Continuously identify and promote organizational efficiencies and process improvement through Business Process Reengineering (BPR). | | | | Richard Pruitt |
| Identify and analyze efficiencies and improvement opportunities | 1/1/2020 | 12/31/2020 | 75.00% | |
| Perform cost analysis of efficiencies or improvement opportunity | 1/1/2020 | 12/31/2020 | 75.00% | |
| Establish projects into annual project and budget planning | 1/1/2020 | 12/31/2020 | 75.00% | |
| Align these initiatives with annual departmental goals and objectives | 1/1/2020 | 12/31/2020 | 75.00% | |
| Continuously monitor and control for operational effectiveness | 1/1/2020 | 12/31/2020 | 75.00% | |
| Create and execute project plans | 1/1/2020 | 12/31/2020 | 75.00% | |
| Review and Update Disaster Recovery and Business Continuity Plans to minimize risk of operational downtime | | | | Richard Pruitt Alan Avery |
| Update Disaster Recovery Plan | 1/1/2020 | 8/30/2020 | 100.00% | |
| Procure and Install Disaster Recovery Software | 1/1/2020 | 8/30/2020 | 100.00% | |
| Disaster Recovery testing | 8/15/2020 | 10/31/2020 | 85.00% | |
| Report to Board of Directors | 10/1/2020 | 12/31/2020 | 0.00% | |



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

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



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

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



To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: October 15th, 2020

Re: 2019 Department of Managed Health Care (DMHC) Routine Survey

Background

The California Department of Managed Health Care (DMHC) notified Kern Health Systems (KHS) that it would conduct its scheduled Routine Survey pursuant to Health and Safety Code section 1380. DMHC requested the Health Plan submit information regarding its health care services and delivery system in connection with the survey.

The survey consisted of an evaluation of KHS's compliance with the Knox-Keene Act governing licensed California HMOs. Specifically, DMHC reviewed the areas of Quality Assurance, Grievances and Appeals, Access and Availability of Services, Utilization Management, Continuity of Care, Access to Emergency Services and Payment, and Prescription (Rx) Drug Coverage.

Most of the issues concerned adding, changing, updating or clarifying protocols, documents, policies or procedures. The impact to members is an internal value we assign to each finding to show its significance to members' experience with the health plan or their medical care. In each case, corrections have been or are being taken to address the deficiency.

The results of the DMHC Medical survey and steps KHS has or will take to address each finding is summarized in the attached presentation to be given by Carmen Dobry, M.S., CHC, KHS's Director of Compliance and Regulatory Affairs.

Requested Action

Receive and file.



2019 Department of Managed Health Care Audit

Carmen Dobry, M.S., CHC
Director of Compliance and Regulatory Affairs

October 15, 2020

Department of Managed Health Care (“DMHC”) Survey Executive Summary

At least once every three years the DMHC evaluates each licensed health care service plan pursuant to the Knox-Keene Health Care Service Plan Act of 1975 through a routine survey that covers major areas of the plan’s health care delivery system.

Surveys are conducted and include a review of the overall performance of the plan in providing health care benefits and meeting the health care needs of members in the following areas: Quality Assurance, Grievances and Appeals, Access and Availability of Services, Utilization Management, Continuity of Care, Access to Emergency Services and Payment, and Prescription (Rx) Drug Coverage.



Department of Managed Health Care (“DMHC”) Survey Executive Summary

On July 10, 2020, the Plan received the DMHC’s Final Report of the 2019 Routine Full Service Survey.

The Compliance Department executed assistance to the Plan’s staff by having:

- **Met with and assisted Plan staff in developing corrective action plans that were responsive to the DMHC findings;**
- **Conducted training to improve documentation standards; and**
- **Reviewed and made recommended changes of policies and procedures to reflect the regulatory requirements of the DMHC.**

The Compliance Department continues to audit and monitor the implementation of the corrective action plans to ensure the Plan remains compliant with all the rules regulations.



| Category/Item | What the Plan will do | Status | Member Impact |
|---|---|---|---------------|
| <i>Quality Assurance</i> | | | |
| The Public Policy committee does not comply with the required membership criteria. | Expanded the Plan's Public Policy Committee to meet membership criteria. | Board of Directors appointed new Public Policy Committee members. | Low |
| The Board to review and approve the Quality Improvement (QI) Program. | Annually, the Board of Directors will review the Quality Improvement Consent Agenda for approval. | Compliance is monitoring the status. Second quarter of 2021 the Board of Directors will review. | Low |
| <i>Utilization Management</i> | | | |
| The Plan's denial letters must include a description of the clinical criteria or guidelines used. | Staff will receive training for standardizing the content of denial letters. | Staff has received training. Compliance will perform quarterly audits. | Low |
| UM policies and procedures must address the denial of services to terminally ill patients. | The Plan will update current policies and procedures to meet the DMHC policy requirements. | The Plan has updated P&Ps that address the denial of services to terminally ill patients. | Low |
| <i>Access and Availability of Services</i> | | | |
| The Plan does not have a documented system for monitoring and evaluating provider rescheduled appointments. | The Plan will implement a documented system for monitoring and evaluating rescheduled appointments. | Quarterly, Provider Network Management reviews all grievances that were categorized as "Access to Care" or "Difficulty Accessing a Specialist". | Medium |

Continued...



| Category/Item | What the Plan will do | Status | Member Impact |
|--|--|--|---------------|
| <i>Grievance and Appeals</i> | | | |
| Ensure all oral expressions of dissatisfaction are considered grievances. | Training documents will be updated to better define and identify Member "dissatisfactions" as Member "grievances". | Previous Member "dissatisfaction" reports have been reclassified and processed as Member "grievances" from Members. | Medium |
| Include in its written responses to grievances involving health care services, the criteria and clinical reasons for its decision. | Staff will receive training for standardizing written responses to grievances involving the delay, denial or modification of health care. | Staff have received training to standardize responses to grievances. Compliance is monitoring the content of the responses to Members. | Medium |
| Inform enrollees upon receipt of expedited grievances of their right to contact the DMHC with their grievance. | A process will be established to inform Members of their right to contact the DMHC after they received an expedited grievance. | The revised documentation process has been created by Member Services to document compliance. | Medium |
| Identify potential quality issues (PQIs) in exempt grievances. | The process will be updated to ensure that all grievances where a PIC is identified, is pulled from Exempt status and sent to Quality Improvement (QI) for review. | Processes were updated to include that all grievances where a PIC is identified is sent to Quality Improvement. | Medium |

Continued...



| Category/Item | What the Plan will do | Status | Member Impact |
|--|--|---|---------------|
| <i>Prescription (RX) Drug Coverage</i> | | | |
| When the Plan has made a decision to deny/modify a request for prescription drug coverage on the basis of medical necessity, the letter must contain a clear and concise explanation of the reasons for the Plan's decision. | Staff will receive training for standardizing the content of denial and treatment modification letters. | Staff received training for standardizing the content of denial and treatment modification letters. | Low |
| In letters to providers denying or modifying requested prescription services on the basis of medical necessity, the Plan must include the direct telephone number or extension of the professional responsible for the decision. | Letters will require updating by the Plan. | The Letters have been remediated and Compliance reviewed the updates. | Low |
| The Plan's Pharmacy and Therapeutics (P&T) Committee must document its rationale for decisions regarding the development of, or revisions to, the Plan's formulary. | The Pharmacy and Therapeutics Committee will update their documentation process related to the Plan's formulary. | A Committee reporting template was created to standardize the documentation of the Committee's decisions and processes. | Low |
| The Plan does not update its drug formulary on a monthly basis. | The formulary will be updated monthly. | The Plan's formulary is updated monthly and posted on the Plan's website. | Low |

Continued...



| Category/Item | What the Plan will do | Status | Member Impact |
|--|---|---|---------------|
| <i>Access to Emergency Services and Payments</i> | | | |
| The Plan must document requests for authorization and responses for medically necessary post-stabilization care. | Procedures will be updated to ensure proper documentation related to medically necessary post-stabilization care. | Compliance Department is monitoring the updated authorization process for medically necessary post-stabilization of care. | Low |
| The Plan does not provide all non-contracting hospitals in the state with Plan contact information. | Non-contracting hospitals will be provided the Plan's contact information using an annual Provider Bulletin. | The Plan sent a Provider Bulletin with contact information to all non-contracting hospitals in the State and will continue to send the Bulletin annually. | Low |





To: KHS Board of Directors

From: Martha Tasinga M.D., Chief Medical Officer
Cesar Delgado, Director of Business Intelligence

Date: October 15, 2020

Re: John Hopkins ACG Predictive Modeler Software Agreement Renewal

Background

The John Hopkins ACG Predictive Modeler is a tool that provides an innovative and accurate way to identify high-risk patients and estimates the financial resources required to treat this population based on clinically relevant classifications. Specifically, the tool provides predictive analytics on future hospitalization(s), outpatient services utilization, and pharmacy expenses. Using patient encounter and cost data the predictive model helps care management staff to assess patient needs and create care intervention schemes to achieve the best possible health outcome while saving the health plan cost.

DST is the vendor who distributes the John Hopkins ACG Predictive Modeler Software. KHS proposes renewing the existing contract with DST for an additional three (3) years. The contract provides for both software licensing and technical support over the contract period. Building or changing platforms will require considerable time and expense. It is estimated it will cost approximately \$900,000 to convert to another platform and require annual ongoing internal operating expense of \$424,200. The cost to KHS for renewing the 3-year contract with DST will not exceed \$476,607.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

Kern Health Systems

John Hopkins ACG Predictive Modeler Software

Dr. Tasinga | Chief Medical Officer

Cesar Delgado | Director of Business Intelligence



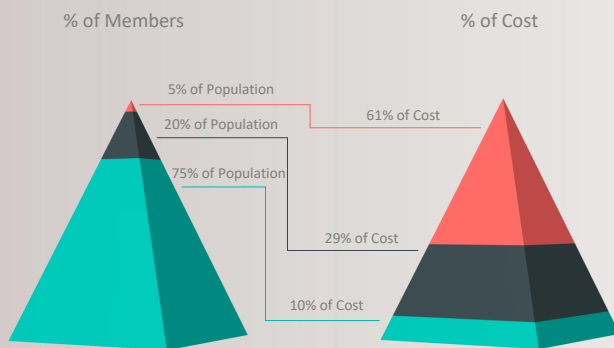
Agenda

- Profiling Members Clinical Need (Care Gradient Analysis)
- Predicting Member's Care Requirements using PMT
- Cost Economies Gained from Using PMT
- PMT Vender Selection Process
- PMT brings Value and Savings to KHS
- Board Request



Care Gradient Analysis by Members and Costs

2019 Utilization and Enrolled in 2020



PMT Advantage:

- Create a patient profile including demographics of members, current clinical conditions and patient assignment to existing provider network.

Allows for:

- Identifying gaps in care with existing provider assignment and define needs for this member.
- Creation of medical management programs including Patient Center Medical Homes (PCMH), Behavioral Health Homes (BHH) and specialty health homes to correctly assign members to close the gaps in care.



Anticipating Member Health Care Needs

The Predictive modeling tool (PMT) uses data and statistics to:

1. predict the likelihood of future utilization and cost of health care services for a given member
2. identify the potential medical cost and demand on clinical services from **not** intervening sooner in treating the member's condition
3. enable KHS to see the impact early intervention through care management will have on lowering medical cost and improving health outcomes.

Additionally, the tool can:

1. support KHS's case management (CM) and disease management (DM) functions by identifying members with specific medical conditions or chronic disease who can benefit from these CM and DM services
2. identify members who lack access to other non-medical support services that when provided, will favorably contribute to their response to their medical treatment
3. assist with designing provider reimbursement models to align payment with favorable medical outcomes
4. aligns patients' medical need to appropriate provider locations to improve timely access to services.



Economies Gained From the PMT

- The PMT has considerably reduced manual time and costs that ordinarily would have occurred without the tool.
- A full-time team consisting of at least 1 Medical Director and 2 technical resources would be required to maintain the PMT's algorithm functionality given the continuous upgrading required to accommodate improvements in medical practice standards and technology.
- The PMT groups the patient population based on their health status from low to high level of medical intervention to aid Management with their care management assignments. Thus, assuring patient's receive the right care at the right time given their medical condition and health status.



PMT Application and Selection Process

- KHS has utilized a predictive modeling tool to conduct risk stratification and predictive analytics for:
 - Future utilization
 - Implementation of programs for targeted interventions
 - Cost reductions for managing complex members
- The Johns Hopkins ACG System offers a unique approach to measuring morbidity that improves accuracy and fairness in evaluating:
 - Clinician performance
 - Identifying patients at high risk
 - Forecasting health care utilization
 - Setting equitable Alternative Payment Methodologies
- May 2017 RFP for selection of Predictive Modeling tool. Seven (7) submissions were received.
- John Hopkins ACG Tool was selected due to its functionality and cost.



PMT Components:

Resource Utilization Bands

- 0 – No Utilization
- 1 – Healthy Users
- 2 – Low Morbidity
- 3 – Moderate Morbidity
- 4 – High Morbidity
- 5 – Very High Morbidity

Emergency Room Classification

- 11 Classifications Available
- Non-Emergent / Potentially Avoidable Categories

Lab Markers

- Lab Results incorporated in stratification

Unscaled Risk Scoring

- Based on reference population such as national reference database, 1.0 Mean

Rescaled Risk Scoring

- Localizes the unscaled risk score, 1.0 Mean

Adjusted Clinical Group

- 28 Medical Chronic Conditions Indicators
- Over 350 Aggregated Diagnosis Groups
 - Duration of the condition (acute, recurrent, or chronic);
 - Severity of the condition (e.g., minor and stable versus major and unstable);
 - Diagnostic certainty (symptoms focusing on diagnostic evaluation versus documented disease focusing on treatment services);
 - Etiology of the condition (infectious, injury, or other); and
 - Specialty care involvement (medical, surgical, obstetric, hematology, etc.)

Concurrent Risk Model

- Uses data from a sampled time period to predict risks or costs in that same time period

Prospective Risk Model

- Uses data from a sampled time period to predict risks or costs in a future time period

Probability Dimensions

- Admissions within 6 & 12 Months
- High Cost 5% of Population Cost
- High Pharmacy Cost & Pharmacy Adherence
- ICU Stay
- Injury
- Readmission



Analytics

Actual Admission Rate Vs Probability

| Probability Band | Baseline | Actual Admission Rate | |
|------------------|----------|-----------------------|--------|
| | | 2018 | 2019 |
| .90 - .99 | 91.94% | 82.76% | 73.68% |
| .80 - .89 | 83.67% | 66.19% | 75.26% |
| .70 - .79 | 69.54% | 64.62% | 69.90% |
| .60 - .69 | 60.01% | 58.55% | 61.27% |

Medical Savings

- 60%+ Probability of Admission Targeted Population Intervention established in 2018
- The projected decrease of 703 in admissions for 2018 at \$10,625 per admission under the four Probabilities Bands has an estimated savings of **\$7,478,333**
- The projected decrease of 819 in admissions for 2019 at \$9,497 under the four Probabilities Bands has an estimated savings of **\$7,778,580**
- **Total Estimated Savings \$15,256,913**



Recommendation

- Continue to Contract with DST for the John Hopkins Predictive Modeler software
- Cost \$476,607 for 3 years (Annual price \$158,869)
- ACG Predictive Modeler System is highly integrated in our Medical Management System and Population Health Management efforts & strategies
- Building and Changing Platforms would require:
 - Conversion Cost of \$902,600 for resources to complete conversion
 - Ongoing Internal Operating Supporting Cost \$424,200



Board Request

- Request the Board of Directors authorize the CEO to sign a three-year contract extension with DST Health Solutions, LLC. in the amount not to exceed \$476,607 for the period of three years for their John Hopkins ACG Predictive Modeler Software.



Questions?

For additional information, please contact:

Dr. Tasinga
Chief Medical Officer
661-664-5004

Cesar Delgado
Director of Business Intelligence
661-617-2518



Proposed Administrative Contract over \$100,000, October 15, 2020

1. Operational Agreement with DST Health Solutions for John Hopkins ACG Predictive Modeler software and technical support for a three-year period.

- a. Recommended Action

- Approve; Authorize Chief Executive Officer to Sign

- b. Contact

- Deborah Murr, Chief Health Services Officer

- c. Background

- Based on the prior FluidEdge recommendations to and in support of reducing the cost of its healthcare expenses through termination of the McKesson SPD medical management contract, KHS is looking to continue the use of a Predictive Modeling tool. The tool presents an innovative and accurate way to identify individual high-risk patients and estimate resource use for an entire population based on clinically relevant classifications. The tool provides predictive analytics on future hospitalization, resource utilization, and identifies patients who will experience an unexpected use of pharmacy. Additionally, the predictive modeling tool leverages the data stores of claims and pharmacy data that KHS has built for active case management; therefore reducing the amount of time and costs associated with the current manual process for population creation and management.

d. Discussion

DST will provide the renowned John Hopkins predictive modeler software to stratify members according to their level of risk from clinical and financial perspective. The cost of this contract will provide KHS with three (3) year license for the software with technical support.

e. Fiscal Impact

Not to exceed estimated cost of \$476,607.00 per three years term.

f. Risk Assessment

KHS has a regulatory requirement to provide risk stratification on its SPD population per the State of California. This tool will allow KHS to stratify the entire population for health and financial risks.

g. Attachments

An Agreement at a Glance form is attached.

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

This contract has been approval by KHS legal counsel.



KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: IT

Department Head: Richard M. Pruitt

Vendor Name: DST

Contact name & e-mail: James Fite, jwfitedsthealthsolutions.com

What services will this vendor provide to KHS? DST will provide KHS with the John Hopkins ACG predictive modeler software and technical support for a three (3) year term.

| Description of Contract | |
|---|--|
| <p>Type of Agreement: <u>Software</u></p> <p><input checked="" type="checkbox"/> Contract</p> <p><input type="checkbox"/> Purchase</p> <p><input type="checkbox"/> New agreement</p> <p><input checked="" type="checkbox"/> Continuation of Agreement</p> <p><input type="checkbox"/> Addendum</p> <p><input type="checkbox"/> Amendment No. _____</p> <p><input type="checkbox"/> Retroactive Agreement</p> | <p>Background: <u>The mission of Kern Health Systems (KHS) is to create an integrated manage health care delivery system in a cost-effective manner. KHS is constantly faced with the economic challenge of providing established benefits while managing the increasing utilization trends and staying within budget guidelines as determined by the State's capitation rates. KHS has utilized a predictive modeling tool since 2014 to conduct risk stratification on the entire membership in an effort to allow early identification and predictive analytics for future utilization, implementation of programs for targeted interventions, and ultimately cost reductions for managing the complex members.</u></p> <p>Brief Explanation: <u>As pressures increase on health plans and providers, there is a need to improve clinical quality, operational and financial performance which creates a demand and role for the predictive analytics within a healthcare organization. In support of reducing the cost of its healthcare expenses, and to continue to provide the best quality of care for its members, KHS is requesting to continue the use of a Predictive Modeling tool.</u></p> |
| <p><input checked="" type="checkbox"/> Summary of Quotes and/or Bids attached. <i>Pursuant to KHS Policy #8.11-1, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.</i></p> | |
| <p>Brief vendor selection justification: <u>RFP vendor exploration was previously completed in 2017. DST was the selected vendor among (7) other vendors for ACG contract for the next 3 years related to proven efficiency and accuracy of predictive analytics under previous ACG contract with functional and cost differences evident in RFP review.</u></p> <p><input type="checkbox"/> Sole source – no competitive process can be performed.</p> | |
| <p>Brief reason for sole source: _____</p> <p><input type="checkbox"/> Conflict of Interest Form is required for this Contract</p> | |
| <p><input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract</p> | |

Form updated 11/21/19

| Fiscal Impact | |
|--|---|
| KHS Governing Board previously approved this expense in KHS' FY 2020 Administrative Budget | <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES |
| Will this require additional funds? | <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES |
| Capital project | <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES |
| Budgeted Cost Center <u>225</u> | GL# <u>5402</u> |
| Maximum cost of this agreement not to exceed: <u>\$476,607.00 per three years</u> | |
| Notes: <u>Annual price is \$158,869.00</u> | |
| Contract Terms and Conditions | |
| Effective date: <u>11/01/2020</u> | Termination date: <u>10/31/2023</u> |
| Explain extension provisions, termination conditions and required notice: _____ | |
| Approvals | |
| Compliance DMHC/DHCS Review: <u>Approved by Carmen Dabny</u> Director of Compliance and Regulatory Affairs <u>per email date 8/31/20</u> Date | Legal Review: <u>Approved by legal per</u> Legal Counsel <u>email date 11-20-17</u> Date |
| Contract Owner: <u>Approved by Richard Pruitt</u> Department Head <u>per meeting date 9/18/20</u> Date | Purchasing: <u>[Signature]</u> Director of Procurement and Facilities <u>9/11/20</u> Date |
| Reviewed as to Budget: <u>[Signature]</u> Chief Financial Officer or Controller <u>9/21/20</u> Date | Recommended by the Executive Committee: <u>[Signature]</u> Chief Operating Officer <u>9/21/2020</u> Date |
| IT Approval: _____ Chief Information Officer or IT Director _____ Date | Chief Executive Officer Approval: _____ Chief Executive Officer _____ Date |
| Board of Directors approval is required on all contracts over \$50,000 if not budgeted and \$100,000 if budgeted. | |
| _____ KHS Board Chairman | |
| _____ Date | |

Form updated 11/21/19



To: KHS Board of Directors
From: Robin Dow-Morales, Director of Claims
Date: October 15, 2020
Re: Claims Audit Tool Agreement Renewal

Background

In May 2017, Kern Health Systems published a Request for Proposal in search of a Claims Audit tool. L5 Healthcare Solutions, Inc was selected as the vendor for these services based on their experience with other LHPC plans, capabilities and their pricing. We have been utilizing the tool for 3 years, and have gained efficiencies in auditing and hope to continue to improve the accuracy, training results, and provider satisfaction levels while identifying more uses for the tool.

Discussion

Senior Management is recommending a three-year agreement with L5 Healthcare Solutions, Inc. for the continuation of their services to provide a Claims Audit tool that will maintain and/or increase Auto Adjudication without unnecessary rework requiring additions to staff.

KHS Claims Department has been very pleased with the utilization of the Claims Audit Tool by L5. We have been able to increase the percentage of claims audited from 2% to 6%, an increase of 200%. We have been able to utilize the Target Audit program in a variety of ways: (1) monitor new hires, and newly trained processors on specific types of claims, to identify any misunderstandings of process immediately before they become habit, as well as reinforce the lessons learned during training; (2) Audit first 90 days of new benefit programs to ensure system set up correct at the onset; (3) Audit specific providers either identified via calls, provider disputes, Utilization Management or Provider Relations to perform Fraud Waste Abuse Audits or general audits for education/feedback and to manage expectations; (4) monitor behavior after any provider education has occurred to ensure compliance. Utilizing the Claims Audit Tool by L5 has allowed us to continue business with the same number of auditors, while claims volumes have grown from 2.4 million in 2017 to 3.1 million in 2019.

Financial Impact

Cost for three years term will not exceed \$159,260.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

Kern Health Systems

Claim Audit Tool

Robin Dow-Morales
Director of Claims

Background

- DMHC requires claims to be adjudicated with a minimum of 95% accuracy rate.
- KHS strives for a minimum of 97%.
- In May 2017 RFP for selection of claims auditing tool.
- Desired goal of a tool
 - Increase percentage of audits
 - Ability to perform target audits for new claim examiners, new claim type training, new contract implementations, FWA reviews, provider education of billing needs
 - Improve Provider Satisfaction with less rework due to errors
 - Complete all this without adding to audit staff.
- Claim Audit Tool by L5 was selected and implemented.

Results

- Increased audit volume from 2%-6% for each processor, realizing an additional full percentage point of pre-payment errors identified.
- Implemented 2-3 Target audits each quarter, resulting in provider education, system updates, and team member reinforcement of processes.
- Performed cross training of claim types for 44 team members. Tool allowed separate target audit of claim types to ensure retention of lesson and demonstration of mastery of topic during training for immediate feedback.
- Did not add any auditors, even with claims volume increase of 23% from 2017 to present.

Recommendation:

- Continue to Contract with L5 as Claim Audit Tool Vendor
- Risk assessment if contract not renewed:
 - Increase of Audit Staff by 2
 - Reduce volume of audits to 4%.
 - Provider Dissatisfaction due to rework needed for unidentified errors.
 - Incur avoidable overpayments and cost to recover.

Summary

- KHS has proven experience utilizing the L5 Claim Audit Tool.
- Tool has ability to track Fraud Waste and Abuse Audits for DHCS Annual Audit.
- Most cost effective tool at a Cost of \$159,260 for 3 years.
 - Year 1 - \$58,665; Year 2 - \$49,997; Year 3 - \$50,597
- Audit Tool pays for itself in less than 1 1/2 years with no new additional auditors needed
 - (\$62,000 x 2 employees required to be hired if the audit tool is not purchased = \$124,000 x 3 years = \$372,000)

Request

- Request the Board of Directors authorize the CEO to sign a three year contract with L5 Healthcare Inc., in the amount not to exceed \$159,260 for their Claims Audit Tool.

Questions

For additional information, please contact:

Robin Dow-Morales
Director of Claims
661-617-2598

Proposed Administrative Contract over \$100,000, October 15, 2020

1. Operational Agreement with L5 Health.
 - a. Recommended Action
Approve; Authorize Chief Executive Officer to Sign
 - b. Contact
Robin Dow-Morales; Director of Claims.
 - c. Background
In May 2017, Kern Health Systems published a Request for Proposal in search of a Claims Audit tool. L5 Healthcare Solutions, Inc. was selected as the vendor for these services based on their experience with other LHPC plans, capabilities and their pricing.
 - d. Discussion
Senior Management is recommending a three-year agreement with L5 Healthcare Solutions, Inc. for the continuation of their services to provide a Claims Audit tool that will maintain and/or increase Auto Adjudication without unnecessary rework requiring additions to staff. Since implementing the tool 3 years ago, we have increased our pre-auditing per processor by almost 200% (2%-6%), capturing a full percentage point of errors prior to payment.
 - e. Fiscal Impact
Not to exceed \$159,260 per three years. First year \$58,665(Annual Fee, Software Upgrade, and \$30,000 potential customizations), \$49,997 for year 2 (Annual Fee and \$30,000 potential customizations), and \$50,597 for year 3 (Annual Fee and \$30,000 potential customizations). Tool continues to help reduce rework and reduces the need for additional auditors. Tool pays for itself in 2 years.
 - f. Risk Assessment
Currently 1/3 of overpayment recoupments are due to preventable errors. Potential need to add to staff when Auto adjudication is reduced or rework continues to grow. Provider dissatisfaction due to rework needs.
 - g. Attachments
An Agreement at a Glance form is attached.
 - h. Reviewed by Chief Compliance Officer and/or Legal Counsel
This contract has been approved by legal.



KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: Claims

Department Head: Robin Dow-Morales

Vendor Name: L5 Healthcare Solutions

Contact name & e-mail: Chuck Nefkens, cnefkens@l5health.com

What services will this vendor provide to KHS? L5 Healthcare Solutions will provide with Claims Audit Tool.

| Description of Contract | |
|--|---|
| <p>Type of Agreement: <u>Software</u></p> <p><input checked="" type="checkbox"/> Contract</p> <p><input type="checkbox"/> Purchase</p> <p><input type="checkbox"/> New agreement</p> <p><input checked="" type="checkbox"/> Continuation of Agreement</p> <p><input type="checkbox"/> Addendum</p> <p><input checked="" type="checkbox"/> Amendment No. <u>1</u></p> <p><input type="checkbox"/> Retroactive Agreement</p> | <p>Background: <u>We contracted with L5 3 years ago for an auditing tool that would provide a multitude of uses for proactive and post-payment audits. With Claim Audit Tool by L5, we have been able to increase the percentage of claims audited by over 200%, finding an additional percentage point of errors prior to payment, thus, allowing corrections to occur before the check is issued. We are also able to perform target audits on the newly learned claim types to be able to provide real-time feedback to ensure proper interpretation of guidelines and training documents. We have been able to do provider specific audits both pre and post payment to identify trends, system correction needs, as well as provider education.</u></p> <p>Brief Explanation: <u>L5 Healthcare Solutions has established the program with Medi-Cal plans and our experience has been very positive in ease of use as well as customer service and responsiveness to any needs or customizations requested.</u></p> |
| <p><input checked="" type="checkbox"/> Summary of Quotes and/or Bids attached. <i>Pursuant to KHS Policy #8.11-1, KHS will secure competitive quotes and bids to obtain the maximum value from the expenditures. Electronic (e-mail/fax) solicitation may be used for purchases of up to Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00) but must be documented on the RFQ form (Attachment A). Actual bid, sole or single source justification and/or cost price analysis documents are required for purchases over Fifty Thousand Dollars or more if not budgeted (\$50,000.00) and One Hundred Thousand Dollars or more if budgeted (\$100,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Fifty Thousand Dollars (\$50,000). Lowest bid price not accepted must be fully explained and justified in writing. All bids will be treated as a not to exceed amount with "change orders" used to track any changes.)</i></p> | |
| <p>Brief vendor selection justification: <u>Vendor was selected based on the scope of the software capability, ease of usage and user capabilities. Other areas that were evaluated include pre-defined Medi-Cal templates based on other LHPC plans, ability to create customized templates and reporting capabilities.</u></p> | |
| <p><input type="checkbox"/> Sole source – no competitive process can be performed.</p> | |
| <p>Brief reason for sole source: _____</p> | |
| <p><input type="checkbox"/> Conflict of Interest Form is required for this Contract</p> | |
| <p><input checked="" type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract Note: Vendor previously signed KHS PSA & BAA.</p> | |
| Fiscal Impact | |

Form updated 11/21/19

| | | | |
|--|----------|--|---|
| KHS Governing Board previously approved this expense in KHS' FY 2020 Administrative Budget | | <input type="checkbox"/> NO | <input checked="" type="checkbox"/> YES |
| Will this require additional funds? | | <input checked="" type="checkbox"/> NO | <input type="checkbox"/> YES |
| Capital project | | <input checked="" type="checkbox"/> NO | <input type="checkbox"/> YES |
| Budgeted Cost Center 230 | GL# 5490 | | |
| Maximum cost of this agreement not to exceed: \$159,260.00 per three years | | | |
| Notes: Estimated cost include: \$58,665 (price includes \$9,250 for CAT UI upgrade) for 2020-2021; \$49,997 for year 2022; \$50,597 for year 2023. | | | |
| Contract Terms and Conditions | | | |
| Effective date: 12/21/2020 | | Termination date: 12/20/2023 | |
| Explain extension provisions, termination conditions and required notice: _____ | | | |
| Approvals | | | |
| Compliance DMHC/DHCS Review: | | Legal Review: | |
| Approved by <u>Carmen DeBry</u> | | Approved by <u>M. Scott Koller</u> | |
| Director of Compliance and Regulatory Affairs | | Legal Counsel | |
| <u>per email date 9/2/20</u> | | <u>per email date 12/30/17</u> | |
| Date | | Date | |
| Contract Owner: | | Purchasing: | |
| Approved by <u>Robin Dow-morales</u> | | Approved by <u>Alonso Hurtado</u> | |
| Department Head | | Director of Procurement and Facilities | |
| <u>per contract meeting 9/3/20</u> | | <u>per contract meeting 9/3/20</u> | |
| Date | | Date | |
| Reviewed as to Budget: | | Recommended by the Executive Committee: | |
| <u>RTH</u> | | <u>[Signature]</u> | |
| Chief Financial Officer or Controller | | Chief Operating Officer | |
| <u>9/3/20</u> | | <u>9-4-2020</u> | |
| Date | | Date | |
| IT Approval: | | Chief Executive Officer Approval: | |
| Approved by <u>Richard Pruitt</u> | | _____ | |
| Chief Information Officer or IT Director | | Chief Executive Officer | |
| <u>per contract meeting 9/3/20</u> | | _____ | |
| Date | | Date | |
| Board of Directors approval is required on all contracts over \$50,000 if not budgeted and \$100,000 if budgeted. | | | |
| _____ | | | |
| KHS Board Chairman | | | |
| _____ | | | |
| Date | | | |

Form updated 11/21/19

L5 Healthcare Solutions, Inc.

Business Tools and Consulting for Healthcare Organizations

*444 W. Ocean Blvd, Ste 800
Long Beach, CA 90802
Phone: 714-875-7520
Fax: 562-286-5191*

Addendum A

To Professional Services Agreement for Claims Audit Tool™

A Professional Services Agreement (“Agreement”) was made by and between L5 Healthcare Solutions, Inc., (“L5”), a California corporation, and Kern Health System. (“SJHH”), a California county health authority on December 21, 2017 regarding license, implementation, customization, and support of L5’s Claims Audit Tool™ (CAT) application at KHS’s Bakersfield corporate office. The agreement included a software license agreement (“SLA”) for the Claims Audit Tool™ application; a professional services agreement (“PSA”) for associated professional services related to CAT implementation, customization\enhancements, support, training, and consulting services; and a HIPAA Business Associate Agreement (“BAA”) given the agreement, software, and services necessitated access to protected health information (“PHI”). This addendum, **effective upon execution date**, seeks to do the following: 1.) Extend the Agreement for another 3 year term ending December 31, 2023; 2.) Provide funding for additional CAT customizations and enhancements; and 3.) Upgrade the KHS instance of the CAT front end files to be compatible with MS Access versions 2013 and above. All terms of the original agreement (including SLA, PSA, and BAA attached to it) will remain in place and the scope of services will be expanded to include the upgrade defined below.

UNDERSTANDING OF CLIENT REQUIREMENTS AND SCOPE OF SERVICES

We understand that Kern Health System (“KHS”) would like to engage L5 to perform the following services:

1. Continue CAT Annual Maintenance and Support services as described in original Agreement for another three year term starting January 1, 2021 and continuing to December 31, 2023.
2. Continue to provide CAT customization and enhancement services on request.
3. Implement an upgrade to the KHS instance of CAT so that the CAT front end files will be compatible with MS Access versions 2013 – 2019.

CAT upgrade tasks are described below:

- a. Upgrade CAT front end file which is currently compatible with MS Access Runtime 2010 to be compatible with MS Access Runtime versions 2013 and above.
- b. Replace current Access built-in login and user/group security feature with new login screen.
- c. Make user authentication to front end be a combination of Windows based authentication and password
- d. Replace MS Access built-in security groups and role based security with custom built user group and role based security.
- e. Encrypt front end file using Microsoft AES (Advance Encryption Standard) into an accde format file.
- f. Create install script and desktop shortcuts for CAT upgrade front end files
- g. Coordinate install of MS Access Runtime version 2013 or 2016 on user workstations and/or Citrix Servers as needed
- h. Coordinate UAT and production deployment with business unit

Fees related to above Scope of Service items are listed in Attachment A to Addendum A.

Kern Health System
August 27, 2020
Page 2

Addendum A

Claims Audit Tool™ is a copyrighted application. All Claims Audit Tool upgrades, customizations and enhancements are subject to copyright protection and will belong to L5. KHS shall not acquire any rights in Claims Audit Tool™ as a result of any upgrade, enhancement, customization, or use.

This addendum is not a guarantee or warranty for the performance of Claims Audit Tool. Pursuant to the “Professional Standards” section in the Agreement “PSA”, KHS will evaluate the adequacy and results of the services performed by L5 and accept responsibility for their results. L5 has no obligation to provide maintenance and support services except as indicated in the Maintenance and Support Services section below.

TIMEFRAME

L5 is prepared to begin upgrade of the CAT front end files (see Scope of Service item #3 above) at a mutually agreed upon date starting in September 2020. Implementation time is expected to be completed by October 31, 2020 depending on client’s staff availability, vendor availability, and any unforeseen delays. Annual Maintenance and Support and other services will continue uninterrupted through December 31, 2023.

DELIVERABLES

Deliverables are as previously detailed in the Scope of Services section.

RESOURCES

L5 will provide expertise specifically in Claims Audit Tool™ upgrades, enhancements, customizations, implementation, and training. Charles Nefkens, President, will be responsible for management of the project and will be ultimately responsible for the quality of services provided during this engagement.

ADDENDUM FEES

Fees for CAT annual maintenance and support; customizations\enhancements; and CAT upgrade described in the Scope of Services section above are as listed in Attachment A.

Under the terms of this Addendum A, L5 shall be paid an amount not to exceed \$159,260 without the prior written approval of KHS.

Fees for customization, maintenance, support, consulting and other services beyond the scope of services described above will be subject to prior approval by KHS and billed at one hundred eighty-five dollars (\$185) per hour. Travel and out-of-pocket expenses related to L5 services described above will be charged as separate fees subject to prior written approval by KHS. Fees are subject to the Fees and Expenses terms of the original Agreement. Invoices are billed monthly and due upon receipt.

Fees for customization, maintenance, annual support and other consulting services will remain in effect until December 31, 2023. At that point, if a new agreement is not in place, the CAT license, annual maintenance and support, and fee rates will expire.

Billing and payment of fees are subject to the Fees and Expenses terms as described in the Professional Services Agreement. Accordingly, invoices are billed monthly and are due and payable upon receipt. If payment is not received within 30 days of receipt of our bill, we reserve the right to cease further work.

Kern Health System
August 27, 2020
Page 3

Addendum A

Invoices outstanding past 30 days will be charged interest as described in the PSA. We will provide a detailed invoice of all activity related to each invoice.

All other terms per original Agreement will remain in full effect unless otherwise super ceded by Addendum A.

If you agree with the terms as set forth in this Addendum, please sign below and return a signed copy to us.

If you have any questions, please let me know.

Sincerely,

Chuck Nefkens, CPA, MHA
For L5 Healthcare Solutions, Inc.

cc:

Agreed and Accepted by Kern Health System:

This Addendum and the attached Attachment A set forth the entire understanding of Kern Health System with respect to the services to be provided by L5 Healthcare Solutions, Inc. as defined in Addendum A:

Accepted By: _____ Date: _____

Print Name: _____

Title: _____

Kern Health System
 August 27, 2020
 Page 4

Addendum A
Attachment A
Fees and Payment Schedule

Fees for the services described in Addendum A are as follows:

| | | |
|---|--------------|-------------|
| 1. CAT Annual Maintenance and Support Fees | Years | Fees |
| a. Annual Maintenance and Support fees for Prepay, Retro and OCR CAT (Due annually on January 1 with 3% increase starting 2022) | 2021 - 2023 | \$19,415/yr |

| | | |
|---|--------------|--------------------------|
| 2. CAT Customization and Enhancement Fees | Years | Fees |
| a. Fees for CAT customizations and enhancements. Any customization or enhancement must be pre-approved in advance by KHS ¹ . | 2021 - 2023 | \$30,000/yr ² |
| 1. Generally, customizations and enhancements will be done on a time and materials basis, based on pre-approved time estimates and the Consultant Hourly Rates in Section 4 below, although other arrangements may be made. 2. Any unused Customization and Support Fees from years 2021 and 2022 may be rolled forward to following year. | | |

| | | |
|---|------------------------|-------------------|
| 3. CAT Front End Upgrade Fees (One-Time) | Hrs¹ | Fees |
| a. Upgrade CAT front end file to be compatible with MS Access Runtime versions 2013 and above | 40-50 | \$7,400 - \$9,250 |
| 3. If hours will exceed 50 hours due to any change in scope or unforeseen issues identified during upgrade, testing, and/or deployment, then additional fees may be due based on incremental hours incurred times Consultant Hourly Rate listed below. Client will be notified in advance if hours will exceed 50 hours and prior approval will be needed before proceeding with additional work. | | |

| | |
|---|----------------|
| 4. Consultant Hourly Rates: | Fees |
| a. CAT application and report customizations, custom configuration, technical support not covered under maintenance and support agreement | \$185 per hour |
| b. Consulting by principles at client site (minimum four hours) | \$225 per hour |
| c. Travel expenses: hotel, meals, airfare, and car | Itemized |
| d. Web training/re-training for new users (1 hour billable minimum) | \$185 per hour |
| e. Sales Tax – software delivered remotely via internet (no media provided) | n/a |

| | |
|---|-------------|
| 5. Payment Schedule: | Fees |
| a. CAT Annual Maintenance and Support Fees. Due January 1 each year with 3% increase starting Year 2 (2022). | \$19,415 |
| b. CAT Customization and Enhancement Fees. Due upon deployment into production or other prior-approved payment schedule. | Itemized |
| c. Upgrade CAT front end file to be compatible with MS Access Runtime versions 2013 and above. Due upon deployment into production. | Itemized |



To: KHS Board of Directors
From: Robert Landis, CFO
Date: October 15, 2020
Re: July 2020 Financial Results

The July results reflect a \$1,513,711 Net Increase in Net Position which is a \$2,295,340 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$69.7 million unfavorable variance primarily due to:
 - A) \$2.7 million favorable variance primarily due to higher than expected budgeted membership.
 - B) \$.9 million unfavorable variance due to a 1 ½% rate reduction required under the Governor's budget.
 - C) \$2.4 million favorable variance in Proposition 56 Supplemental Revenue due to an unbudgeted rate increase in tobacco tax revenue funds in fiscal year 19/20 for additional CPT procedure codes along with unbudgeted new Prop 56 programs that became effective January 1, 2020 offset against amounts included in 2D below.
 - D) \$1.8 million unfavorable variance in Premium MCO Tax due to a revised reduction in our MCO tax liability rates that occurred with an agreement between CMS and DHCS which is offset against MCO Tax Expense included in Item 3 below.
 - E) \$20.0 million unfavorable variance in Premium-Hospital Directed Payments (Current Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 2G below. ⁽¹⁾
 - F) \$52.1 million unfavorable variance in Rate Adjustments--Hospital Directed Payments (Prior Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 2H below. ⁽¹⁾

⁽¹⁾ In 2019, the Department of Health Care Services (DHCS) implemented two statewide directed payment programs for designated public hospitals (EPP and QIP), and one statewide directed payment program for private hospitals (PHDP). Under these programs KHS pays specified Network Providers in accordance with terms approved by the Centers for Medicare & Medicaid Services (CMS) based on the performance of specified quality measures that became effective with the State fiscal year 2017/18. The payment amounts received by KHS are determined by DHCS. DHCS also determines the exact dollar amounts to pay each hospital. Both payment amounts are designed to be equal with perhaps a slight plus or minus variance occurring due to membership variances.

- 2) Total Medical Costs reflect a \$69.5 million favorable variance primarily due to:
- A) \$1.0 million favorable variance in Physician Services due to lower than expected utilization.
 - B) \$1.5 million favorable variance in Emergency Room due to lower than expected utilization.
 - C) \$3.6 million unfavorable variance in Inpatient due to higher than expected utilization.
 - D) \$4.5 million unfavorable variance in Other Medical primarily due to accruing for estimated Proposition 56 expenses relating to unbudgeted additional CPT procedure codes along with increases in supplemental allowable payable amounts that became effective January 1, 2020 offset against revenue included in 1C above (\$2.3 million) and Covid-19 provider relief expenses (\$1.7 million).
 - E) \$.9 million favorable variance in Pharmacy primarily from formulary modifications that capitalized on new generics that came to market and less costly brands within the same therapeutic class. There was also a timing impact from the lengthening of the day supply per prescription of maintenance medications that occurred beginning in March.
 - F) \$2.0 million favorable variance in Risk Corridor Expenses due to a new requirement under the Governor's budget imposing surplus and deficit limitations on health plans from COVID-19 impact on overall medical cost and/or utilization of health care services. Primarily due to an increase in Inpatient Hospital utilization (2C), we were able to reduce our current year's Risk Corridor Expense.
 - G) \$20 million favorable variance in Hospital Directed Payments (Current Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 1E above. ⁽¹⁾
 - H) \$52.1 million favorable variance in Hospital Directed Payment Adjustment (Prior Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 1F above. ⁽¹⁾
- 3) \$1.2 million favorable variance in MCO Tax due to a revised reduction in our MCO tax liability rates that occurred with an agreement between CMS and DHCS which is partially offset against MCO Tax Premium included in Item 1D above.

The July Medical Loss Ratio is 91.4% which is favorable to the 93.3% budgeted amount. The July Administrative Expense Ratio is 6.2% which is favorable to the 6.6% budgeted amount.

The results for the 7 months ended July 31, 2020 reflect a Net Increase in Net Position of \$8,489,669. This is a \$13,143,034 favorable variance to budget and includes approximately \$7.6 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.3% which is favorable to the 93.2% budgeted amount. The year-to-date Administrative Expense Ratio is 6.2% which is favorable to the 6.6% budgeted amount.

**Kern Health Systems
Financial Packet
July 2020**

KHS – Medi-Cal Line of Business

| | |
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| Schedule of Administrative Expenses by Department | Page 11 |
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KHS Group Health Plan – Healthy Families Line of Business

| | |
|---|---------|
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| Statement of Revenue, Expenses, and Changes in Net Position | Page 14 |

KHS Administrative Analysis and Other Reporting

| | |
|----------------------|---------|
| Monthly Member Count | Page 15 |
|----------------------|---------|

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JULY 31, 2020 | | | |
|---|-----------------------|-----------------------|------------------------|
| ASSETS | JULY 2020 | JUNE 2020 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 108,464,238 | \$ 121,095,261 | \$ (12,631,023) |
| Short-Term Investments | 81,358,663 | 99,708,610 | (18,349,947) |
| Premiums Receivable - Net | 128,646,326 | 123,207,997 | 5,438,329 |
| Premiums Receivable - Hospital Direct Payments | 212,271,539 | 273,207,660 | (60,936,121) |
| Interest Receivable | 106,186 | 222,273 | (116,087) |
| Provider Advance Payment | 35,074,868 | 4,954,766 | 30,120,102 |
| Other Receivables | 1,137,076 | 1,323,300 | (186,224) |
| Prepaid Expenses & Other Current Assets | 2,797,469 | 2,380,655 | 416,814 |
| Total Current Assets | \$ 569,856,365 | \$ 626,100,522 | \$ (56,244,157) |
| CAPITAL ASSETS - NET OF ACCUM DEPREE: | | | |
| Land | 4,090,706 | 4,090,706 | - |
| Furniture and Equipment - Net | 2,308,218 | 2,370,584 | (62,366) |
| Computer Hardware and Software - Net | 16,199,194 | 16,416,972 | (217,778) |
| Building and Building Improvements - Net | 35,726,752 | 35,802,446 | (75,694) |
| Capital Projects in Progress | 10,191,921 | 9,984,253 | 207,668 |
| Total Capital Assets | \$ 68,516,791 | \$ 68,664,961 | \$ (148,170) |
| LONG TERM ASSETS: | | | |
| Restricted Investments | 300,000 | 300,000 | - |
| Officer Life Insurance Receivables | 1,504,221 | 1,504,221 | - |
| Total Long Term Assets | \$ 1,804,221 | \$ 1,804,221 | \$ - |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 2,889,179 | \$ 2,889,179 | \$ - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 643,066,556 | \$ 699,458,883 | \$ (56,392,327) |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accrued Salaries and Employee Benefits | \$ 3,388,717 | \$ 2,959,374 | 429,343 |
| Accrued Other Operating Expenses | 1,389,952 | 1,568,523 | (178,571) |
| Accrued Taxes and Licenses | 56,217,970 | 47,313,321 | 8,904,649 |
| Claims Payable (Reported) | 19,249,351 | 24,900,754 | (5,651,403) |
| IBNR - Inpatient Claims | 31,005,029 | 27,598,105 | 3,406,924 |
| IBNR - Physician Claims | 17,544,793 | 15,098,135 | 2,446,658 |
| IBNR - Accrued Other Medical | 13,583,541 | 14,230,576 | (647,035) |
| Risk Pool and Withholds Payable | 3,557,189 | 3,033,725 | 523,464 |
| Statutory Allowance for Claims Processing Expense | 2,066,234 | 2,066,234 | - |
| Other Liabilities | 52,625,052 | 58,355,242 | (5,730,190) |
| Accrued Hospital Directed Payments | 212,271,539 | 273,207,660 | (60,936,121) |
| Total Current Liabilities | \$ 412,899,367 | \$ 470,331,649 | \$ (57,432,282) |
| NONCURRENT LIABILITIES: | | | |
| Net Pension Liability | 6,564,477 | 7,038,233 | (473,756) |
| TOTAL NONCURRENT LIABILITIES | \$ 6,564,477 | \$ 7,038,233 | \$ (473,756) |
| DEFERRED INFLOWS OF RESOURCES | \$ 420,664 | \$ 420,664 | \$ - |
| NET POSITION: | | | |
| Net Position - Beg. of Year | 214,692,379 | 214,692,379 | - |
| Increase (Decrease) in Net Position - Current Year | 8,489,669 | 6,975,958 | 1,513,711 |
| Total Net Position | \$ 223,182,048 | \$ 221,668,337 | \$ 1,513,711 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 643,066,556 | \$ 699,458,883 | \$ (56,392,327) |

| CURRENT MONTH MEMBERS | | | KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JULY 31, 2020 | | | YEAR-TO-DATE MEMBER MONTHS | | |
|---------------------------------------|------------|--------------|--|--|--|----------------------------|-------------|--------------|
| ACTUAL | BUDGET | VARIANCE | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 174,332 | 169,900 | 4,432 | Family Members | | | 1,188,543 | 1,180,900 | 7,643 |
| 64,907 | 61,090 | 3,817 | Expansion Members | | | 433,697 | 427,630 | 6,067 |
| 15,518 | 14,730 | 788 | SPD Members | | | 110,107 | 103,110 | 6,997 |
| 6,975 | 6,205 | 770 | Other Members | | | 48,260 | 43,435 | 4,825 |
| 9,823 | 8,660 | 1,163 | Kaiser Members | | | 65,440 | 60,620 | 4,820 |
| 271,555 | 260,585 | 10,970 | Total Members - MCAL | | | 1,846,047 | 1,815,695 | 30,352 |
| REVENUES | | | | | | | | |
| 29,997,411 | 27,559,729 | 2,437,682 | Title XIX - Medicaid - Family and Other | | | 201,094,994 | 192,171,454 | 8,923,540 |
| 24,533,357 | 23,145,509 | 1,387,848 | Title XIX - Medicaid - Expansion Members | | | 165,479,883 | 162,018,565 | 3,461,318 |
| 15,224,387 | 14,884,621 | 339,766 | Title XIX - Medicaid - SPD Members | | | 106,090,471 | 104,192,348 | 1,898,123 |
| 8,236,232 | 10,077,000 | (1,840,768) | Premium - MCO Tax | | | 55,835,552 | 70,203,000 | (14,367,448) |
| (8,860,821) | 11,092,460 | (19,953,281) | Premium - Hospital Directed Payments | | | 60,681,620 | 77,557,258 | (16,875,638) |
| 315,583 | 400,318 | (84,735) | Investment Earnings And Other Income | | | 1,883,690 | 2,788,877 | (905,187) |
| - | 73,058 | (73,058) | Reinsurance Recoveries | | | - | 508,972 | (508,972) |
| (52,075,301) | - | (52,075,301) | Rate Adjustments - Hospital Directed Payments | | | (51,791,259) | - | (51,791,259) |
| 135,705 | - | 135,705 | Rate/Income Adjustments | | | (1,226,441) | - | (1,226,441) |
| 17,506,553 | 87,232,696 | (69,726,143) | TOTAL REVENUES | | | 538,048,510 | 609,440,473 | (71,391,963) |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 13,357,636 | 14,406,855 | 1,049,219 | Physician Services | | | 92,995,097 | 100,493,594 | 7,498,497 |
| 4,421,687 | 4,644,281 | 222,594 | Other Professional Services | | | 27,531,218 | 32,355,622 | 4,824,404 |
| 3,651,975 | 5,166,215 | 1,514,240 | Emergency Room | | | 30,897,120 | 36,011,193 | 5,114,073 |
| 17,082,368 | 13,528,975 | (3,553,393) | Inpatient | | | 108,153,451 | 94,434,930 | (13,718,521) |
| 75,202 | 73,058 | (2,144) | Reinsurance Expense | | | 511,741 | 508,972 | (2,769) |
| 6,446,825 | 6,561,012 | 114,187 | Outpatient Hospital | | | 43,869,640 | 45,815,448 | 1,945,808 |
| 11,504,806 | 7,041,717 | (4,463,089) | Other Medical | | | 66,733,156 | 49,039,143 | (17,694,013) |
| 8,780,407 | 9,726,919 | 946,512 | Pharmacy | | | 63,907,848 | 67,938,991 | 4,031,143 |
| 523,464 | 503,850 | (19,614) | Pay for Performance Quality Incentive | | | 3,561,214 | 3,510,150 | (51,064) |
| (2,000,000) | - | 2,000,000 | Risk Corridor Expense | | | 2,700,000 | - | (2,700,000) |
| (8,860,821) | 11,092,460 | 19,953,281 | Hospital Directed Payments | | | 60,681,620 | 77,557,258 | 16,875,638 |
| (52,075,301) | - | 52,075,301 | Hospital Directed Payment Adjustment | | | (51,791,259) | - | 51,791,259 |
| (23,790) | - | 23,790 | Non-Claims Expense Adjustment | | | (1,473,666) | - | 1,473,666 |
| 344,451 | - | (344,451) | IBNR, Incentive, Paid Claims Adjustment | | | (7,172,358) | - | 7,172,358 |
| 3,228,909 | 72,745,343 | 69,516,434 | Total Medical Costs | | | 441,104,822 | 507,665,300 | 66,560,478 |
| 14,277,644 | 14,487,353 | (209,709) | GROSS MARGIN | | | 96,943,688 | 101,775,173 | (4,831,485) |
| Administrative: | | | | | | | | |
| 2,732,099 | 2,689,538 | (42,561) | Compensation | | | 18,054,474 | 18,694,650 | 640,176 |
| 859,845 | 860,880 | 1,035 | Purchased Services | | | 6,418,083 | 6,024,624 | (393,459) |
| 71,551 | 119,201 | 47,650 | Supplies | | | 361,321 | 834,516 | 473,195 |
| 417,768 | 334,375 | (83,393) | Depreciation | | | 2,935,619 | 2,321,625 | (613,994) |
| 240,778 | 346,896 | 106,118 | Other Administrative Expenses | | | 1,733,567 | 2,462,479 | 728,912 |
| - | - | - | Administrative Expense Adjustment | | | (212,229) | - | 212,229 |
| 4,322,041 | 4,350,890 | 28,849 | Total Administrative Expenses | | | 29,290,835 | 30,337,894 | 1,047,059 |
| 7,550,950 | 77,096,233 | 69,545,283 | TOTAL EXPENSES | | | 470,395,657 | 538,003,194 | 67,607,537 |
| 9,955,603 | 10,136,463 | (180,860) | OPERATING INCOME (LOSS) BEFORE TAX | | | 67,652,853 | 71,437,279 | (3,784,426) |
| 8,904,648 | 10,077,000 | 1,172,352 | MCO TAX | | | 56,395,862 | 70,203,000 | 13,807,138 |
| 1,050,955 | 59,463 | 991,492 | OPERATING INCOME (LOSS) NET OF TAX | | | 11,256,991 | 1,234,279 | 10,022,712 |
| NONOPERATING REVENUE (EXPENSE) | | | | | | | | |
| - | - | - | Gain on Sale of Assets | | | - | - | - |
| 532,137 | (333,333) | 865,470 | Provider Recruitment and Retention Grants | | | (1,767,894) | (2,333,331) | 565,437 |
| (69,381) | (507,759) | 438,378 | Health Home | | | (999,428) | (3,554,313) | 2,554,885 |
| 462,756 | (841,092) | 1,303,848 | TOTAL NONOPERATING REVENUE (EXPENSE) | | | (2,767,322) | (5,887,644) | 3,120,322 |
| 1,513,711 | (781,629) | 2,295,340 | NET INCREASE (DECREASE) IN NET POSITION | | | 8,489,669 | (4,653,365) | 13,143,034 |
| 91.4% | 93.3% | 1.9% | MEDICAL LOSS RATIO | | | 91.3% | 93.2% | 1.8% |
| 6.2% | 6.6% | 0.4% | ADMINISTRATIVE EXPENSE RATIO | | | 6.2% | 6.6% | 0.4% |

| | | | KERN HEALTH SYSTEMS MEDI-CAL | | | | | |
|--------------------------------|----------|----------|---|--|--|--------------|-----------|----------|
| CURRENT MONTH | | | STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM | | | YEAR-TO-DATE | | |
| ACTUAL | BUDGET | VARIANCE | FOR THE MONTH ENDED JULY 31, 2020 | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 174,332 | 169,900 | 4,432 | Family Members | | | 1,188,543 | 1,180,900 | 7,643 |
| 64,907 | 61,090 | 3,817 | Expansion Members | | | 433,697 | 427,630 | 6,067 |
| 15,518 | 14,730 | 788 | SPD Members | | | 110,107 | 103,110 | 6,997 |
| 6,975 | 6,205 | 770 | Other Members | | | 48,260 | 43,435 | 4,825 |
| 9,823 | 8,660 | 1,163 | Kaiser Members | | | 65,440 | 60,620 | 4,820 |
| 271,555 | 260,585 | 10,970 | Total Members - MCAL | | | 1,846,047 | 1,815,695 | 30,352 |
| REVENUES | | | | | | | | |
| 165.45 | 156.50 | 8.95 | Title XIX - Medicaid - Family and Other | | | 162.59 | 156.96 | 5.63 |
| 377.98 | 378.88 | (0.90) | Title XIX - Medicaid - Expansion Members | | | 381.56 | 378.88 | 2.68 |
| 981.08 | 1,010.50 | (29.42) | Title XIX - Medicaid - SPD Members | | | 963.52 | 1,010.50 | (46.98) |
| 31.47 | 40.00 | (8.53) | Premium - MCO Tax | | | 31.36 | 40.00 | (8.64) |
| (33.85) | 44.03 | (77.89) | Premium - Hospital Directed Payments | | | 34.08 | 44.19 | (10.11) |
| 1.21 | 1.59 | (0.38) | Investment Earnings And Other Income | | | 1.06 | 1.59 | (0.53) |
| 0.00 | 0.29 | (0.29) | Reinsurance Recoveries | | | 0.00 | 0.29 | (0.29) |
| (198.96) | 0.00 | (198.96) | Rate Adjustments - Hospital Directed Payments | | | (29.09) | 0.00 | (29.09) |
| 0.52 | 0.00 | 0.52 | Rate/Income Adjustments | | | (0.69) | 0.00 | (0.69) |
| 66.89 | 346.26 | (279.38) | TOTAL REVENUES | | | 302.17 | 347.24 | (45.07) |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 51.04 | 57.19 | 6.15 | Physician Services | | | 52.23 | 57.26 | 5.03 |
| 16.89 | 18.44 | 1.54 | Other Professional Services | | | 15.46 | 18.44 | 2.97 |
| 13.95 | 20.51 | 6.55 | Emergency Room | | | 17.35 | 20.52 | 3.17 |
| 65.27 | 53.70 | (11.56) | Inpatient | | | 60.74 | 53.81 | (6.93) |
| 0.29 | 0.29 | 0.00 | Reinsurance Expense | | | 0.29 | 0.29 | 0.00 |
| 24.63 | 26.04 | 1.41 | Outpatient Hospital | | | 24.64 | 26.10 | 1.47 |
| 43.96 | 27.95 | (16.00) | Other Medical | | | 37.48 | 27.94 | (9.54) |
| 33.55 | 38.61 | 5.06 | Pharmacy | | | 35.89 | 38.71 | 2.82 |
| 2.00 | 2.00 | 0.00 | Pay for Performance Quality Incentive | | | 2.00 | 2.00 | 0.00 |
| (7.64) | 0.00 | 7.64 | Risk Corridor Expense | | | 1.52 | 0.00 | (1.52) |
| (33.85) | 44.03 | 77.89 | Hospital Directed Payments | | | 34.08 | 44.19 | 10.11 |
| (198.96) | 0.00 | 198.96 | Hospital Directed Payment Adjustment | | | (29.09) | 0.00 | 29.09 |
| (0.09) | 0.00 | 0.09 | Non-Claims Expense Adjustment | | | (0.83) | 0.00 | 0.83 |
| 1.32 | 0.00 | (1.32) | IBNR, Incentive, Paid Claims Adjustment | | | (4.03) | 0.00 | 4.03 |
| 12.34 | 288.76 | 276.42 | Total Medical Costs | | | 247.73 | 289.26 | 41.53 |
| 54.55 | 57.51 | (2.96) | GROSS MARGIN | | | 54.44 | 57.99 | (3.54) |
| Administrative: | | | | | | | | |
| 10.44 | 10.68 | 0.24 | Compensation | | | 10.14 | 10.65 | 0.51 |
| 3.29 | 3.42 | 0.13 | Purchased Services | | | 3.60 | 3.43 | (0.17) |
| 0.27 | 0.47 | 0.20 | Supplies | | | 0.20 | 0.48 | 0.27 |
| 1.60 | 1.33 | (0.27) | Depreciation | | | 1.65 | 1.32 | (0.33) |
| 0.92 | 1.38 | 0.46 | Other Administrative Expenses | | | 0.97 | 1.40 | 0.43 |
| 0.00 | 0.00 | 0.00 | Administrative Expense Adjustment | | | (0.12) | 0.00 | 0.12 |
| 16.51 | 17.27 | 0.76 | Total Administrative Expenses | | | 16.45 | 17.29 | 0.84 |
| 28.85 | 306.03 | 277.18 | TOTAL EXPENSES | | | 264.18 | 306.54 | 42.36 |
| 38.04 | 40.24 | (2.20) | OPERATING INCOME (LOSS) BEFORE TAX | | | 37.99 | 40.70 | (2.71) |
| 34.02 | 40.00 | 5.98 | MCO TAX | | | 31.67 | 40.00 | 8.33 |
| 4.02 | 0.24 | 3.78 | OPERATING INCOME (LOSS) NET OF TAX | | | 6.32 | 0.70 | 5.62 |
| NONOPERATING REVENUE (EXPENSE) | | | | | | | | |
| 0.00 | 0.00 | 0.00 | Gain on Sale of Assets | | | 0.00 | 0.00 | 0.00 |
| 2.03 | (1.32) | 3.36 | Reserve Fund Projects/Community Grants | | | (0.99) | (1.33) | 0.34 |
| (0.27) | (2.02) | 1.75 | Health Home | | | (0.56) | (2.03) | 1.46 |
| 1.77 | (3.34) | 5.11 | TOTAL NONOPERATING REVENUE (EXPENSE) | | | (1.55) | (3.35) | 1.80 |
| 5.78 | (3.10) | 8.89 | NET INCREASE (DECREASE) IN NET POSITION | | | 4.77 | (2.65) | 7.42 |
| 91.4% | 93.3% | 1.9% | MEDICAL LOSS RATIO | | | 91.3% | 93.2% | 1.8% |
| 6.2% | 6.6% | 0.4% | ADMINISTRATIVE EXPENSE RATIO | | | 6.2% | 6.6% | 0.4% |

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JULY 31, 2020 | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE | JULY | 13 MONTH |
|--|-------------------|-------------------|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | 2019 | 2019 | 2019 | 2019 | 2019 | 2019 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | TOTAL |
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | 249,380 | 249,466 | 251,277 | 251,039 | 250,459 | 249,381 | 248,640 | 250,007 | 251,552 | 252,950 | 256,134 | 259,592 | 261,732 | 3,281,609 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 26,916,818 | 27,380,366 | 27,444,092 | 27,395,016 | 34,656,206 | 28,289,680 | 28,111,536 | 28,136,428 | 28,589,738 | 27,567,358 | 28,170,470 | 30,522,053 | 29,997,411 | 373,177,172 |
| Title XIX - Medicaid - Expansion Members | 21,829,172 | 22,748,791 | 23,117,928 | 22,908,874 | 25,545,000 | 24,658,622 | 23,135,804 | 23,419,130 | 23,548,401 | 22,679,789 | 23,386,527 | 24,776,875 | 24,533,357 | 306,288,270 |
| Title XIX - Medicaid - SPD Members | 14,355,421 | 14,965,261 | 15,059,382 | 15,759,913 | 16,141,207 | 15,294,321 | 15,020,731 | 15,113,713 | 15,275,980 | 14,884,891 | 14,967,019 | 15,603,750 | 15,224,387 | 197,665,976 |
| Premium - MCO Tax | 8,128,512 | 12,317,485 | 10,182,096 | 10,062,668 | 11,609,045 | (52,290,862) | - | - | 16,158,895 | 7,586,709 | 7,915,338 | 7,915,091 | 8,023,287 | 8,236,232 |
| Premium - Hospital Directed Payments | - | - | - | - | - | - | 136,163,466 | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,660,821) |
| Investment Earnings And Other Income | 354,349 | 382,033 | 708,869 | 338,986 | 265,233 | 731,395 | 190,131 | 301,265 | 424,094 | 266,256 | 323,827 | 62,534 | 315,583 | 4,664,555 |
| Reinsurance Recoveries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rate Adjustments - Hospital Directed Payments | - | - | 62,733,334 | - | - | 101,394,310 | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | (82,075,301) | 112,336,385 |
| Rate/Income Adjustments | 132,080 | 329,476 | 103,418 | 318,771 | (3,664) | (391,644) | 819,618 | 809,261 | 616,798 | (4,529,302) | 444,891 | 476,588 | 315,705 | (738,004) |
| TOTAL REVENUES | 71,716,351 | 78,123,412 | 139,349,119 | 76,784,228 | 88,213,027 | 253,849,288 | 78,672,737 | 95,391,047 | 87,579,613 | 80,435,517 | 86,859,012 | 91,604,031 | 17,506,553 | 1,246,083,935 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 13,912,712 | 13,516,282 | 12,473,244 | 13,286,040 | 14,396,081 | 15,556,899 | 14,757,546 | 13,873,238 | 14,351,280 | 12,418,888 | 12,429,908 | 11,806,601 | 13,357,636 | 176,136,355 |
| Other Professional Services | 3,849,695 | 3,775,027 | 3,913,361 | 4,483,269 | 3,596,983 | 4,371,702 | 4,334,953 | 3,966,515 | 4,024,762 | 3,908,759 | 3,489,408 | 3,385,134 | 4,421,687 | 51,521,255 |
| Emergency Room | 5,181,359 | 4,645,061 | 4,697,451 | 5,571,836 | 5,227,569 | 4,729,725 | 5,226,947 | 5,258,084 | 5,370,798 | 3,813,875 | 4,212,272 | 3,363,172 | 3,651,978 | 60,950,121 |
| Inpatient | 13,332,634 | 15,238,360 | 15,564,329 | 14,951,334 | 14,657,214 | 14,449,035 | 14,911,677 | 13,893,706 | 14,743,904 | 15,995,368 | 14,410,696 | 17,115,732 | 17,082,368 | 196,346,357 |
| Reinsurance Expense | 126,658 | 129,256 | 126,290 | 127,228 | 129,075 | 128,012 | 72,320 | 144,425 | (213) | 77,341 | 69,310 | 73,356 | 75,202 | 1,278,260 |
| Outpatient Hospital | 6,609,411 | 6,523,398 | 6,130,800 | 6,128,586 | 6,141,173 | 4,767,801 | 6,734,395 | 6,204,610 | 6,566,090 | 6,270,816 | 5,199,240 | 6,447,664 | 6,446,825 | 80,170,809 |
| Other Medical | 6,715,805 | 6,439,790 | 7,570,084 | 5,832,261 | 16,655,345 | 6,649,662 | 5,661,784 | 10,021,013 | 10,653,430 | 8,832,073 | 10,860,308 | 9,199,742 | 11,504,806 | 116,596,103 |
| Pharmacy | 9,183,446 | 9,336,978 | 9,145,904 | 9,834,755 | 9,282,817 | 9,267,277 | 9,971,687 | 9,246,208 | 10,311,873 | 8,667,925 | 8,616,291 | 8,313,457 | 8,780,407 | 119,959,025 |
| Pay for Performance Quality Incentive | 498,760 | 498,932 | 502,552 | 502,078 | 500,918 | 498,762 | 497,280 | 500,014 | 503,104 | 509,814 | 508,354 | 519,184 | 523,464 | 6,563,216 |
| Risk Corridor Expense | - | - | - | - | - | - | - | - | - | - | - | 4,700,000 | (2,000,000) | 2,700,000 |
| Hospital Directed Payments | - | - | - | - | - | - | 136,163,466 | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,660,821) |
| Hospital Directed Payment Adjustment | - | - | 62,605,426 | - | - | - | 101,154,229 | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | 196,845,086 |
| Non-Claims Expense Adjustment | 19,282 | 11,717 | 11,329 | (5,919) | (18,762) | 4,624 | 57,172 | 232,393 | (1,583,770) | 1,420 | 167,936 | (325,027) | (23,790) | (1,451,425) |
| IBNR, Incentive, Paid Claims Adjustment | (350,851) | 202,480 | 374,161 | 20,741 | (40,346) | (259,737) | 816 | (8,559) | (2,649,204) | (4,444,586) | 11,543 | (426,819) | 344,451 | (7,225,910) |
| Total Medical Costs | 59,078,881 | 60,317,281 | 123,114,931 | 60,732,209 | 70,528,067 | 297,481,457 | 73,621,494 | 74,784,002 | 73,829,944 | 67,702,880 | 71,626,453 | 76,311,140 | 3,228,909 | 1,112,326,648 |
| GROSS MARGIN | 12,637,470 | 17,806,131 | 16,234,188 | 16,052,019 | 17,684,960 | (43,632,169) | 5,051,243 | 20,607,045 | 13,749,669 | 12,732,637 | 15,232,559 | 15,292,891 | 14,277,644 | 133,726,287 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 2,297,855 | 2,254,325 | 2,343,633 | 2,510,126 | 2,403,604 | 2,589,213 | 2,577,348 | 2,407,112 | 2,447,667 | 2,678,816 | 2,375,693 | 2,835,739 | 2,732,099 | 32,453,230 |
| Purchased Services | 805,910 | 605,801 | 836,783 | 831,542 | 805,047 | 1,358,494 | 805,903 | 833,909 | 749,771 | 931,815 | 941,269 | 1,295,571 | 859,845 | 11,661,660 |
| Supplies | 47,853 | 49,290 | 76,514 | 203,279 | 58,830 | (7,208) | 35,806 | 43,182 | 99,552 | 60,138 | 21,318 | 29,774 | 71,551 | 789,879 |
| Depreciation | 151,640 | 151,655 | 151,656 | 355,208 | 280,129 | 304,894 | 287,390 | 287,536 | 300,318 | 300,318 | 924,253 | 418,036 | 417,768 | 4,330,801 |
| Other Administrative Expenses | 338,545 | 489,494 | 523,591 | 519,786 | 270,201 | 344,959 | 353,414 | 181,493 | 387,179 | 154,706 | 223,548 | 192,449 | 240,778 | 4,220,143 |
| Administrative Expense Adjustment | - | - | - | - | - | 1,325,136 | - | - | - | - | - | (212,229) | - | 1,112,907 |
| Total Administrative Expenses | 3,641,803 | 3,550,565 | 3,932,177 | 4,419,941 | 3,817,811 | 5,915,488 | 4,059,861 | 3,753,252 | 3,984,487 | 4,125,793 | 4,486,081 | 4,559,340 | 4,322,041 | 54,568,620 |
| TOTAL EXPENSES | 62,720,684 | 63,867,846 | 127,047,108 | 65,152,150 | 74,345,878 | 303,396,945 | 77,681,355 | 78,537,234 | 77,814,431 | 71,828,673 | 76,112,534 | 80,870,480 | 7,550,950 | 1,166,926,268 |
| OPERATING INCOME (LOSS) BEFORE TAX | 8,995,667 | 14,255,566 | 12,302,011 | 11,632,078 | 13,867,149 | (49,547,657) | 991,382 | 16,853,813 | 9,765,182 | 8,606,844 | 10,746,478 | 10,733,551 | 9,955,603 | 79,157,667 |
| MCO TAX | 8,051,211 | 12,279,276 | 10,165,243 | 10,057,218 | 12,283,003 | (52,962,035) | - | - | 16,159,021 | 7,586,709 | 7,915,243 | 7,914,997 | 7,915,244 | 8,904,648 |
| OPERATING INCOME (LOSS) NET OF TAX | 944,456 | 1,976,290 | 2,136,768 | 1,574,860 | 1,584,146 | 3,414,378 | 991,382 | 694,792 | 2,178,473 | 691,601 | 2,831,481 | 2,818,307 | 1,050,955 | 22,887,889 |
| TOTAL NONOPERATING REVENUE (EXPENSE) | (306,804) | (151,504) | (380,606) | (236,574) | (885,928) | (425,785) | (942,282) | (569,882) | (1,076,457) | 424,682 | (587,120) | (479,019) | 462,756 | (5,138,260) |
| NET INCREASE (DECREASE) IN NET POSITION | 637,652 | 1,824,786 | 1,756,162 | 1,338,286 | 698,218 | 2,988,593 | 49,100 | 124,910 | 1,102,016 | 1,116,283 | 2,244,361 | 2,339,288 | 1,513,711 | 17,749,629 |
| MEDICAL LOSS RATIO | 92.9% | 91.7% | 91.1% | 91.0% | 92.1% | 87.7% | 92.5% | 93.4% | 91.0% | 92.1% | 89.1% | 89.8% | 91.4% | 91.2% |
| ADMINISTRATIVE EXPENSE RATIO | 5.7% | 5.4% | 5.9% | 6.6% | 5.0% | 8.6% | 6.0% | 5.5% | 5.8% | 6.8% | 6.7% | 6.4% | 6.2% | 6.2% |

KHS Board of Directors Meeting, October 15, 2020

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JULY 31, 2020 | JULY 2019 | AUGUST 2019 | SEPTEMBER 2019 | OCTOBER 2019 | NOVEMBER 2019 | DECEMBER 2019 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | 13 MONTH TOTAL |
|---|--------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|-------------|--------------|--------------|-------------------|
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | 249,380 | 249,466 | 251,277 | 251,039 | 250,459 | 249,381 | 248,640 | 250,007 | 251,552 | 252,950 | 256,134 | 259,592 | 261,732 | 3,281,609 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 155.06 | 157.80 | 157.10 | 157.23 | 199.08 | 162.50 | 162.42 | 161.68 | 163.16 | 157.08 | 158.57 | 169.56 | 165.45 | 163.60 |
| Title XIX - Medicaid - Expansion Members | 360.65 | 374.91 | 377.23 | 373.38 | 419.77 | 410.96 | 386.25 | 387.18 | 388.37 | 369.04 | 373.98 | 388.48 | 377.98 | 383.63 |
| Title XIX - Medicaid - SPD Members | 940.48 | 980.04 | 984.27 | 1,019.80 | 1,039.69 | 1,080.74 | 958.75 | 975.52 | 973.74 | 930.77 | 938.61 | 987.39 | 981.08 | 977.56 |
| Premium - MCO Tax | 32.59 | 49.38 | 40.52 | 40.08 | 46.35 | (209.68) | 0.00 | 64.63 | 30.16 | 31.29 | 30.90 | 30.91 | 31.47 | 17.02 |
| Premium - Hospital Directed Payments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 546.01 | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 59.98 |
| Investment Earnings And Other Income | 1.42 | 1.53 | 2.82 | 1.35 | 1.06 | 2.93 | 0.76 | 1.21 | 1.69 | 1.05 | 1.26 | 0.24 | 1.21 | 1.42 |
| Reinsurance Recoveries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Rate Adjustments - Hospital Directed Payments | 0.00 | 0.00 | 249.66 | 0.00 | 0.00 | 406.58 | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | 34.23 |
| Rate/Income Adjustments | 0.53 | 1.32 | 0.41 | 1.27 | (0.01) | (1.57) | 3.30 | 3.24 | 2.45 | (17.91) | 1.74 | 1.84 | 0.52 | (0.22) |
| TOTAL REVENUES | 287.58 | 313.16 | 554.56 | 305.87 | 352.21 | 1,017.92 | 316.41 | 381.55 | 348.16 | 317.99 | 339.12 | 352.88 | 66.89 | 379.72 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 55.79 | 54.18 | 49.64 | 52.92 | 57.48 | 62.38 | 59.35 | 55.49 | 57.05 | 49.10 | 48.53 | 45.48 | 51.04 | 53.67 |
| Other Professional Services | 15.44 | 15.13 | 15.57 | 17.86 | 14.36 | 17.53 | 17.43 | 15.87 | 16.00 | 15.45 | 13.62 | 13.04 | 16.89 | 15.70 |
| Emergency Room Inpatient | 20.78 | 18.62 | 18.69 | 22.20 | 20.87 | 18.97 | 21.02 | 21.03 | 21.35 | 15.08 | 16.45 | 12.96 | 13.95 | 18.57 |
| Reinsurance Expense | 0.51 | 0.52 | 0.50 | 0.51 | 0.52 | 0.51 | 0.29 | 0.58 | (0.00) | 0.31 | 0.27 | 0.28 | 0.29 | 0.39 |
| Outpatient Hospital | 26.50 | 26.15 | 24.40 | 24.41 | 24.52 | 19.12 | 27.08 | 24.82 | 26.10 | 24.79 | 20.30 | 24.84 | 24.63 | 24.43 |
| Other Medical | 26.93 | 25.81 | 30.13 | 23.23 | 66.50 | 26.66 | 22.77 | 40.08 | 42.35 | 34.92 | 42.40 | 35.44 | 43.96 | 35.53 |
| Pharmacy | 36.83 | 37.43 | 36.40 | 39.18 | 37.06 | 37.16 | 40.10 | 36.98 | 40.99 | 34.27 | 33.64 | 32.03 | 33.55 | 36.55 |
| Pay for Performance Quality Incentive | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.02 | 1.98 | 2.00 | 2.00 | 2.00 |
| Risk Corridor Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.11 | (7.64) | 0.82 |
| Hospital Directed Payments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 546.01 | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 59.98 |
| Hospital Directed Payment Adjustment | 0.00 | 0.00 | 249.15 | 0.00 | 0.00 | 405.52 | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | 34.12 |
| Non-Claims Expense Adjustment | 0.08 | 0.05 | 0.05 | (0.02) | (0.07) | 0.02 | 0.23 | 0.93 | (6.30) | 0.01 | 0.66 | (1.25) | (0.09) | (0.44) |
| IBNR, Incentive, Paid Claims Adjustment | (1.41) | 0.81 | 1.49 | 0.08 | (0.16) | (1.04) | 0.00 | (0.03) | (10.53) | (17.57) | 0.05 | (1.64) | 1.32 | (2.20) |
| Total Medical Costs | 236.90 | 241.79 | 489.96 | 241.92 | 281.60 | 1,192.88 | 296.10 | 299.13 | 293.50 | 267.65 | 279.64 | 293.97 | 12.34 | 338.97 |
| GROSS MARGIN | 50.68 | 71.38 | 64.61 | 63.94 | 70.61 | (174.96) | 20.32 | 82.43 | 54.66 | 50.34 | 59.47 | 58.91 | 54.55 | 40.75 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 9.21 | 9.04 | 9.33 | 10.00 | 9.60 | 10.38 | 10.37 | 9.63 | 9.73 | 10.59 | 9.28 | 10.92 | 10.44 | 9.89 |
| Purchased Services | 3.23 | 2.43 | 3.33 | 3.31 | 3.21 | 5.45 | 3.24 | 3.34 | 2.98 | 3.68 | 3.67 | 4.99 | 3.29 | 3.55 |
| Supplies | 0.19 | 0.20 | 0.30 | 0.81 | 0.23 | (0.03) | 0.14 | 0.17 | 0.40 | 0.24 | 0.08 | 0.11 | 0.27 | 0.24 |
| Depreciation | 0.61 | 0.61 | 0.60 | 1.41 | 1.12 | 1.22 | 1.16 | 1.15 | 1.19 | 1.19 | 3.61 | 1.61 | 1.60 | 1.32 |
| Other Administrative Expenses | 1.36 | 1.96 | 2.08 | 2.07 | 1.08 | 1.38 | 1.42 | 0.73 | 1.54 | 0.64 | 0.87 | 0.74 | 0.92 | 1.29 |
| Administrative Expense Adjustment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.31 | 0.00 | 0.00 | 0.00 | 0.00 | (0.82) | 0.00 | 0.34 | 0.34 |
| Total Administrative Expenses | 14.60 | 14.23 | 15.65 | 17.61 | 15.24 | 23.72 | 16.33 | 15.01 | 15.84 | 16.31 | 17.51 | 17.56 | 16.51 | 16.63 |
| TOTAL EXPENSES | 251.51 | 256.02 | 505.61 | 259.53 | 296.84 | 1,216.60 | 312.43 | 314.14 | 309.34 | 283.96 | 297.16 | 311.53 | 28.85 | 355.60 |
| OPERATING INCOME (LOSS) BEFORE TAX | 36.07 | 57.14 | 48.96 | 46.34 | 55.37 | (198.68) | 3.99 | 67.41 | 38.82 | 34.03 | 41.96 | 41.35 | 38.04 | 24.12 |
| MCO TAX | 32.28 | 49.22 | 40.45 | 40.06 | 49.04 | (212.37) | 0.00 | 64.63 | 30.16 | 31.29 | 30.90 | 30.49 | 34.02 | 17.15 |
| OPERATING INCOME (LOSS) NET OF TAX | 3.79 | 7.92 | 8.50 | 6.27 | 6.32 | (13.69) | 3.99 | 2.78 | 8.66 | 2.73 | 11.05 | 10.86 | 4.02 | 6.97 |
| TOTAL NONOPERATING REVENUE (EXPENSE) | (1.23) | (0.61) | (1.51) | (0.94) | (3.54) | (1.71) | (3.79) | (2.28) | (4.28) | 1.68 | (2.29) | (1.85) | (1.77) | (1.57) |
| NET INCREASE (DECREASE) IN NET POSITION | 2.56 | 7.31 | 6.99 | 5.33 | 2.79 | (11.98) | 0.20 | 0.50 | 4.38 | 4.41 | 8.76 | 9.01 | 5.78 | 5.41 |
| MEDICAL LOSS RATIO | 92.9% | 91.7% | 91.1% | 91.0% | 92.1% | 87.7% | 92.5% | 93.4% | 91.0% | 92.1% | 89.1% | 89.8% | 91.4% | 91.2% |
| ADMINISTRATIVE EXPENSE RATIO | 5.7% | 5.4% | 5.9% | 6.6% | 5.0% | 8.6% | 6.0% | 5.5% | 5.8% | 6.8% | 6.7% | 6.4% | 6.2% | 6.2% |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED JULY 31, 2020 | YEAR-TO-DATE | | |
|--|------------|-----------|--|--------------|-------------|-------------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| REVENUES | | | | | | |
| Title XIX - Medicaid - Family & Other | | | | | | |
| 23,233,222 | 22,234,588 | 998,634 | Premium - Medi-Cal | 156,492,721 | 155,030,091 | 1,462,630 |
| 2,479,889 | 2,375,503 | 104,386 | Premium - Maternity Kick | 15,804,631 | 16,628,521 | (823,890) |
| 104,613 | 73,312 | 31,301 | Premium - Hep C Kick | 441,989 | 509,689 | (67,700) |
| 382,283 | 600,620 | (218,337) | Premium - BHT Kick | 2,546,463 | 4,175,692 | (1,629,229) |
| 169,879 | 315,219 | (145,340) | Premium - Health Home Kick | 1,264,408 | 2,191,497 | (927,089) |
| 3,364,140 | 1,708,975 | 1,655,165 | Premium - Provider Enhancement | 22,774,486 | 11,880,925 | 10,893,561 |
| 164,369 | 157,381 | 6,988 | Premium - Ground Emergency Medical Transportation | 1,109,143 | 1,096,879 | 12,264 |
| 99,016 | 94,131 | 4,885 | Other | 661,153 | 658,161 | 2,992 |
| 29,997,411 | 27,559,729 | 2,437,682 | Total Title XIX - Medicaid - Family & Other | 201,094,994 | 192,171,455 | 8,923,539 |
| Title XIX - Medicaid - Expansion Members | | | | | | |
| 22,279,899 | 21,183,611 | 1,096,288 | Premium - Medi-Cal | 149,192,721 | 148,285,277 | 907,444 |
| 220,124 | 214,189 | 5,935 | Premium - Maternity Kick | 1,884,001 | 1,499,323 | 384,678 |
| 206,610 | 303,377 | (96,767) | Premium - Hep C Kick | 1,757,495 | 2,123,639 | (366,144) |
| 325,081 | 519,998 | (194,917) | Premium - Health Home Kick | 2,582,220 | 3,639,986 | (1,057,766) |
| 1,306,645 | 742,244 | 564,402 | Premium - Provider Enhancement | 8,757,220 | 5,195,706 | 3,561,515 |
| 164,781 | 152,964 | 11,817 | Premium - Ground Emergency Medical Transportation | 1,104,208 | 1,070,748 | 33,460 |
| 30,217 | 29,126 | 1,091 | Other | 202,018 | 203,882 | (1,864) |
| 24,533,357 | 23,145,509 | 1,387,848 | Total Title XIX - Medicaid - Expansion Members | 165,479,883 | 162,018,561 | 3,461,322 |
| Title XIX - Medicaid - SPD Members | | | | | | |
| 13,592,657 | 13,148,587 | 444,070 | Premium - Medi-Cal | 94,862,710 | 92,040,109 | 2,822,601 |
| 83,690 | 94,152 | (10,462) | Premium - Hep C Kick | 831,672 | 659,064 | 172,608 |
| 628,733 | 818,847 | (190,114) | Premium - BHT Kick | 3,700,512 | 5,731,929 | (2,031,417) |
| 323,079 | 416,635 | (93,556) | Premium - Health Home Kick | 2,528,755 | 2,916,445 | (387,690) |
| 458,295 | 282,521 | 175,774 | Premium - Provider Enhancement | 3,204,260 | 1,985,647 | 1,218,613 |
| 137,933 | 123,879 | 14,054 | Premium - Ground Emergency Medical Transportation | 962,562 | 867,153 | 95,409 |
| 15,224,387 | 14,884,621 | 339,766 | Total Title XIX - Medicaid - SPD Members | 106,090,471 | 104,200,347 | 1,890,124 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JULY 31, 2020 | YEAR-TO-DATE | | |
|-------------------|-------------------|------------------|---|---------------------|--------------------|---------------------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| | | | PHYSICIAN SERVICES | | | |
| 2,930,685 | 2,877,027 | (53,658) | Primary Care Physician Services | 19,572,553 | 20,046,823 | 474,270 |
| 9,270,830 | 10,091,643 | 820,813 | Referral Specialty Services | 64,447,765 | 70,430,396 | 5,982,631 |
| 1,146,821 | 1,428,886 | 282,065 | Urgent Care & After Hours Advise | 8,910,879 | 9,952,475 | 1,041,596 |
| 9,300 | 9,300 | - | Hospital Admitting Team | 63,900 | 63,900 | - |
| 13,357,636 | 14,406,855 | 1,049,219 | TOTAL PHYSICIAN SERVICES | 92,995,097 | 100,493,594 | 7,498,497 |
| | | | OTHER PROFESSIONAL SERVICES | | | |
| 272,284 | 271,103 | (1,181) | Vision Service Capitation | 1,890,490 | 1,892,287 | 1,797 |
| 214,511 | 212,779 | (1,732) | 221 - Business Intelligence | 1,477,667 | 1,489,453 | 11,786 |
| 629,823 | 560,327 | (69,496) | 310 - Health Services - Utilization Management - UM Allocation * | 3,916,895 | 3,870,336 | (46,559) |
| 159,894 | 169,504 | 9,610 | 311 - Health Services - Quality Improvement - UM Allocation * | 1,019,499 | 1,186,525 | 167,026 |
| 120,317 | 127,991 | 7,674 | 312 - Health Services - Education - UM Allocation * | 802,546 | 895,933 | 93,387 |
| 88,996 | 94,630 | 5,634 | 313 - Health Services - Pharmacy - UM Allocation * | 591,581 | 662,413 | 70,832 |
| 109,116 | 139,492 | 30,376 | 314 - Health Homes - UM Allocation * | 728,175 | 932,029 | 203,854 |
| 281,044 | 258,856 | (22,188) | 315 - Case Management - UM Allocation * | 1,861,569 | 1,811,994 | (49,575) |
| 66,395 | 61,775 | (4,620) | 616 - Disease Management - UM Allocation * | 418,723 | 432,424 | 13,701 |
| 1,162,908 | 1,419,467 | 256,559 | Behavior Health Treatment | 6,628,356 | 9,907,621 | 3,279,265 |
| 52,159 | 170,935 | 118,776 | Mental Health Services | 904,371 | 1,194,090 | 289,719 |
| 1,264,240 | 1,157,422 | (106,818) | Other Professional Services | 7,291,346 | 8,080,518 | 789,172 |
| 4,421,687 | 4,644,281 | 222,594 | TOTAL OTHER PROFESSIONAL SERVICES | 27,531,218 | 32,355,622 | 4,824,404 |
| 3,651,975 | 5,166,215 | 1,514,240 | EMERGENCY ROOM | 30,897,120 | 36,011,193 | 5,114,073 |
| 17,082,368 | 13,528,975 | (3,553,393) | INPATIENT HOSPITAL | 108,153,451 | 94,434,930 | (13,718,521) |
| 75,202 | 73,058 | (2,144) | REINSURANCE EXPENSE PREMIUM | 511,741 | 508,972 | (2,769) |
| 6,446,825 | 6,561,012 | 114,187 | OUTPATIENT HOSPITAL SERVICES | 43,869,640 | 45,815,448 | 1,945,808 |
| | | | OTHER MEDICAL | | | |
| 1,660,648 | 1,548,720 | (111,928) | Ambulance and NEMT | 8,330,283 | 10,809,156 | 2,478,873 |
| 327,117 | 389,816 | 62,699 | Home Health Services & CBAS | 2,427,535 | 2,723,051 | 295,516 |
| 275,750 | 511,116 | 235,366 | Utilization and Quality Review Expenses | 1,646,663 | 3,465,756 | 1,819,093 |
| 1,765,635 | 939,829 | (825,806) | Long Term/SNF/Hospice | 9,255,748 | 6,570,371 | (2,685,377) |
| 228,950 | 484,216 | 255,266 | Health Home Capitation & Incentive | 1,488,655 | 3,383,697 | 1,895,042 |
| 5,004,018 | 2,733,796 | (2,270,222) | Provider Enhancement Expense - Prop. 56 | 33,871,798 | 19,052,331 | (14,819,467) |
| 518,378 | 434,224 | (84,154) | Provider Enhancement Expense - GEMT | 2,913,604 | 3,034,780 | 121,176 |
| 1,724,310 | - | (1,724,310) | Provider COVID-19 Expenses | 6,798,870 | - | (6,798,870) |
| 11,504,806 | 7,041,717 | (4,463,089) | TOTAL OTHER MEDICAL | 66,733,156 | 49,039,143 | (17,694,013) |
| | | | PHARMACY SERVICES | | | |
| 8,100,996 | 8,711,598 | 610,602 | RX - Drugs & OTC | 58,469,401 | 60,845,180 | 2,375,779 |
| 322,441 | 470,841 | 148,400 | RX - HEP-C | 2,352,284 | 3,292,389 | 940,105 |
| 591,970 | 690,327 | 98,357 | Rx - DME | 3,975,042 | 4,821,779 | 846,737 |
| (235,000) | (145,847) | 89,153 | RX - Pharmacy Rebates | (888,879) | (1,020,357) | (131,478) |
| 8,780,407 | 9,726,919 | 946,512 | TOTAL PHARMACY SERVICES | 63,907,848 | 67,938,991 | 4,031,143 |
| 523,464 | 503,850 | (19,614) | PAY FOR PERFORMANCE QUALITY INCENTIVE | 3,561,214 | 3,510,150 | (51,064) |
| (2,000,000) | - | 2,000,000 | RISK CORRIDOR EXPENSE | 2,700,000 | - | (2,700,000) |
| (8,860,821) | 11,092,460 | 19,953,281 | HOSPITAL DIRECTED PAYMENTS | 60,681,620 | 77,557,258 | 16,875,638 |
| (52,075,301) | - | 52,075,301 | HOSPITAL DIRECTED PAYMENT ADJUSTMENT | (51,791,259) | - | 51,791,259 |
| (23,790) | - | 23,790 | NON-CLAIMS EXPENSE ADJUSTMENT | (1,473,666) | - | 1,473,666 |
| 344,451 | - | (344,451) | IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (7,172,358) | - | 7,172,358 |
| 3,228,909 | 72,745,343 | 69,516,434 | Total Medical Costs | 441,104,822 | 507,665,300 | 66,560,478 |

KHS9/29/2020
Management Use Only

* Medical costs per DMHC regulations

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED JULY 31, 2020 | YEAR-TO-DATE | | |
|------------------------------------|--------|----------|--|--------------|--------|----------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| PHYSICIAN SERVICES | | | | | | |
| 11.20 | 11.42 | 0.22 | Primary Care Physician Services | 10.99 | 11.42 | 0.43 |
| 35.42 | 40.06 | 4.64 | Referral Specialty Services | 36.19 | 40.13 | 3.94 |
| 4.38 | 5.67 | 1.29 | Urgent Care & After Hours Advise | 5.00 | 5.67 | 0.67 |
| 0.04 | 0.04 | 0.00 | Hospital Admitting Team | 0.04 | 0.04 | 0.00 |
| 51.04 | 57.19 | 6.15 | TOTAL PHYSICIAN SERVICES | 52.23 | 57.26 | 5.03 |
| OTHER PROFESSIONAL SERVICES | | | | | | |
| 1.04 | 1.08 | 0.04 | Vision Service Capitation | 1.06 | 1.08 | 0.02 |
| 0.82 | 0.84 | 0.03 | 221 - Business Intelligence | 0.83 | 0.85 | 0.02 |
| 2.41 | 2.22 | (0.18) | 310 - Health Services - Utilization Management - UM Allocation * | 2.20 | 2.21 | 0.01 |
| 0.61 | 0.67 | 0.06 | 311 - Health Services - Quality Improvement - UM Allocation * | 0.57 | 0.68 | 0.10 |
| 0.46 | 0.51 | 0.05 | 312 - Health Services - Education - UM Allocation * | 0.45 | 0.51 | 0.06 |
| 0.34 | 0.38 | 0.04 | 313 - Health Services - Pharmacy - UM Allocation * | 0.33 | 0.38 | 0.05 |
| 0.42 | 0.55 | 0.14 | 314 - Health Homes - UM Allocation * | 0.41 | 0.53 | 0.12 |
| 1.07 | 1.03 | (0.05) | 315 - Case Management - UM Allocation * | 1.05 | 1.03 | (0.01) |
| 0.25 | 0.25 | (0.01) | 616 - Disease Management - UM Allocation * | 0.24 | 0.25 | 0.01 |
| 4.44 | 5.63 | 1.19 | Behavior Health Treatment | 3.72 | 5.65 | 1.92 |
| 0.20 | 0.68 | 0.48 | Mental Health Services | 0.51 | 0.68 | 0.17 |
| 4.83 | 4.59 | (0.24) | Other Professional Services | 4.09 | 4.60 | 0.51 |
| 16.89 | 18.44 | 1.54 | TOTAL OTHER PROFESSIONAL SERVICES | 15.46 | 18.44 | 2.97 |
| 13.95 | 20.51 | 6.55 | EMERGENCY ROOM | 17.35 | 20.52 | 3.17 |
| 65.27 | 53.70 | (11.56) | INPATIENT HOSPITAL | 60.74 | 53.81 | (6.93) |
| 0.29 | 0.29 | 0.00 | REINSURANCE EXPENSE PREMIUM | 0.29 | 0.29 | 0.00 |
| 24.63 | 26.04 | 1.41 | OUTPATIENT HOSPITAL SERVICES | 24.64 | 26.10 | 1.47 |
| OTHER MEDICAL | | | | | | |
| 6.34 | 6.15 | (0.20) | Ambulance and NEMT | 4.68 | 6.16 | 1.48 |
| 1.25 | 1.55 | 0.30 | Home Health Services & CBAS | 1.36 | 1.55 | 0.19 |
| 1.05 | 2.03 | 0.98 | Utilization and Quality Review Expenses | 0.92 | 1.97 | 1.05 |
| 6.75 | 3.73 | (3.02) | Long Term/SNF/Hospice | 5.20 | 3.74 | (1.45) |
| 0.87 | 1.92 | 1.05 | Health Home Capitation & Incentive | 0.84 | 1.93 | 1.09 |
| 19.12 | 10.85 | (8.27) | Provider Enhancement Expense - Prop. 56 | 19.02 | 10.86 | (8.17) |
| 1.98 | 1.72 | (0.26) | Provider Enhancement Expense - GEMT | 1.64 | 1.73 | 0.09 |
| 6.59 | 0.00 | (6.59) | Provider COVID-19 Expenses | 3.82 | 0.00 | (3.82) |
| 43.96 | 27.95 | (16.00) | TOTAL OTHER MEDICAL | 37.48 | 27.94 | (9.54) |
| PHARMACY SERVICES | | | | | | |
| 30.95 | 34.58 | 3.63 | RX - Drugs & OTC | 32.84 | 34.67 | 1.83 |
| 1.23 | 1.87 | 0.64 | RX - HEP-C | 1.32 | 1.88 | 0.55 |
| 2.26 | 2.74 | 0.48 | Rx - DME | 2.23 | 2.75 | 0.51 |
| (0.90) | (0.58) | 0.32 | RX - Pharmacy Rebates | (0.50) | (0.58) | (0.08) |
| 33.55 | 38.61 | 5.06 | TOTAL PHARMACY SERVICES | 35.89 | 38.71 | 2.82 |
| 2.00 | 2.00 | 0.00 | PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.00 | 2.00 | 0.00 |
| (7.64) | 0.00 | 7.64 | RISK CORRIDOR EXPENSE | 1.52 | 0.00 | (1.52) |
| (33.85) | 44.03 | 77.89 | HOSPITAL DIRECTED PAYMENTS | 34.08 | 44.19 | 10.11 |
| (198.96) | 0.00 | 198.96 | HOSPITAL DIRECTED PAYMENT ADJUSTMENT | (29.09) | 0.00 | 29.09 |
| (0.09) | 0.00 | 0.09 | NON-CLAIMS EXPENSE ADJUSTMENT | (0.83) | 0.00 | 0.83 |
| 1.32 | 0.00 | (1.32) | IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (4.03) | 0.00 | 4.03 |
| 12.34 | 288.76 | 276.42 | Total Medical Costs | 247.73 | 289.26 | 41.53 |

* Medical costs per DMHC regulations

KHS9/29/2020
Management Use Only

KHS Board of Directors Meeting, October 15, 2020

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JULY 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | YEAR TO DATE 2020 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | |
| Primary Care Physician Services | 2,908,272 | 3,164,601 | 2,861,899 | 2,953,514 | 2,417,265 | 2,336,317 | 2,930,685 | 19,572,553 |
| Referral Specialty Services | 10,425,085 | 8,803,273 | 10,044,984 | 8,437,260 | 8,955,919 | 8,510,414 | 9,270,830 | 64,447,765 |
| Urgent Care & After Hours Advise | 1,414,889 | 1,896,664 | 1,435,097 | 1,019,114 | 1,047,424 | 950,870 | 1,146,821 | 8,910,879 |
| Hospital Admitting Team | 9,300 | 8,700 | 9,300 | 9,000 | 9,300 | 9,000 | 9,300 | 63,900 |
| TOTAL PHYSICIAN SERVICES | 14,757,546 | 13,873,238 | 14,351,280 | 12,418,888 | 12,429,908 | 11,806,601 | 13,357,636 | 92,995,097 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | |
| Vision Service Capitation | 299,489 | 261,072 | 261,072 | 263,942 | 267,033 | 265,598 | 272,284 | 1,890,490 |
| 221 - Business Intelligence | 199,939 | 204,745 | 195,081 | 233,961 | 195,184 | 234,246 | 214,511 | 1,477,667 |
| 310 - Health Services - Utilization Management - UM Allocation * | 550,905 | 482,617 | 507,782 | 619,537 | 541,633 | 584,598 | 629,823 | 3,916,895 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 130,719 | 131,973 | 135,845 | 172,419 | 144,487 | 144,162 | 159,894 | 1,019,499 |
| 312 - Health Services - Education - UM Allocation * | 111,799 | 102,037 | 108,402 | 122,087 | 114,199 | 123,705 | 120,317 | 802,546 |
| 313 - Health Services - Pharmacy - UM Allocation * | 88,153 | 80,696 | 81,505 | 86,248 | 76,014 | 89,969 | 88,996 | 591,581 |
| 314 - Health Homes - UM Allocation * | 91,425 | 88,868 | 104,710 | 127,755 | 101,323 | 104,978 | 109,116 | 728,175 |
| 315 - Case Management - UM Allocation * | 267,758 | 241,370 | 244,642 | 304,832 | 251,817 | 270,106 | 281,044 | 1,861,569 |
| 616 - Disease Management - UM Allocation * | 56,335 | 54,217 | 57,384 | 69,536 | 56,199 | 58,667 | 66,395 | 418,723 |
| Behavior Health Treatment | 980,035 | 935,456 | 999,720 | 1,194,682 | 670,273 | 685,282 | 1,162,908 | 6,628,356 |
| Mental Health Services | 330,842 | 217,343 | 131,506 | 4,228 | 112,306 | 55,987 | 52,159 | 904,371 |
| Other Professional Services | 1,227,554 | 1,166,121 | 1,197,113 | 709,542 | 958,940 | 767,836 | 1,264,240 | 7,291,346 |
| TOTAL OTHER PROFESSIONAL SERVICES | 4,334,953 | 3,966,515 | 4,024,762 | 3,908,759 | 3,489,408 | 3,385,134 | 4,421,687 | 27,531,218 |
| EMERGENCY ROOM | 5,226,947 | 5,258,084 | 5,370,795 | 3,813,875 | 4,212,272 | 3,363,172 | 3,651,975 | 30,897,120 |
| INPATIENT HOSPITAL | 14,911,677 | 13,893,706 | 14,743,904 | 15,995,368 | 14,410,696 | 17,115,732 | 17,082,368 | 108,153,451 |
| REINSURANCE EXPENSE PREMIUM | 72,320 | 144,425 | (213) | 77,341 | 69,310 | 73,356 | 75,202 | 511,741 |
| OUTPATIENT HOSPITAL SERVICES | 6,734,395 | 6,204,610 | 6,566,090 | 6,270,816 | 5,199,240 | 6,447,664 | 6,446,825 | 43,869,640 |
| OTHER MEDICAL | | | | | | | | |
| Ambulance and NEMT | 1,599,375 | 1,498,607 | 1,444,299 | 670,262 | 1,090,342 | 366,750 | 1,660,648 | 8,330,283 |
| Home Health Services & CBAS | 392,407 | 393,491 | 349,594 | 300,546 | 492,779 | 171,601 | 327,117 | 2,427,535 |
| Utilization and Quality Review Expenses | 308,250 | 229,353 | 247,983 | 245,426 | 95,995 | 243,906 | 275,750 | 1,646,663 |
| Long Term/SNF/Hospice | 1,052,766 | 1,197,702 | 1,539,187 | 1,549,960 | 1,452,690 | 697,808 | 1,765,635 | 9,255,748 |
| Health Home Capitation & Incentive | 166,060 | 137,300 | 112,910 | 263,565 | 330,205 | 249,665 | 228,950 | 1,488,655 |
| Provider Enhancement Expense - Prop. 56 | 1,820,309 | 5,971,496 | 6,564,136 | 4,841,254 | 4,373,154 | 5,297,431 | 5,004,018 | 33,871,798 |
| Provider Enhancement Expense - GEMT | 322,617 | 593,064 | 395,321 | 399,960 | 258,923 | 425,341 | 518,378 | 2,913,604 |
| Provider COVID-19 Expenses | - | - | - | 561,100 | 2,766,220 | 1,747,240 | 1,724,310 | 6,798,870 |
| TOTAL OTHER MEDICAL | 5,661,784 | 10,021,013 | 10,653,430 | 8,832,073 | 10,860,308 | 9,199,742 | 11,504,806 | 66,733,156 |
| PHARMACY SERVICES | | | | | | | | |
| RX - Drugs & OTC | 9,137,997 | 8,470,785 | 9,200,496 | 7,803,679 | 7,771,494 | 7,983,954 | 8,100,996 | 58,469,401 |
| RX - HEP-C | 271,776 | 331,788 | 470,380 | 364,602 | 292,610 | 298,687 | 322,441 | 2,352,284 |
| Rx - DME | 696,914 | 578,635 | 675,997 | 634,644 | 687,187 | 109,695 | 591,970 | 3,975,042 |
| RX - Pharmacy Rebates | (135,000) | (135,000) | (35,000) | (135,000) | (135,000) | (78,879) | (235,000) | (888,879) |
| TOTAL PHARMACY SERVICES | 9,971,687 | 9,246,208 | 10,311,873 | 8,667,925 | 8,616,291 | 8,313,457 | 8,780,407 | 63,907,848 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 497,280 | 500,014 | 503,104 | 509,814 | 508,354 | 519,184 | 523,464 | 3,561,214 |
| RISK CORRIDOR EXPENSE | - | - | - | - | - | 4,700,000 | (2,000,000) | 2,700,000 |
| HOSPITAL DIRECTED PAYMENTS | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,860,821) | 60,681,620 |
| HOSPITAL DIRECTED PAYMENT ADJUSTMENT | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | (52,075,301) | (51,791,259) |
| NON-CLAIMS EXPENSE ADJUSTMENT | 57,172 | 232,393 | (1,583,770) | 1,420 | 167,936 | (325,027) | (23,790) | (1,473,666) |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | 816 | (8,559) | (2,649,204) | (4,444,586) | 11,543 | (426,819) | 344,451 | (7,172,358) |
| Total Medical Costs | 73,621,494 | 74,784,002 | 73,829,944 | 67,702,880 | 71,626,453 | 76,311,140 | 3,228,909 | 441,104,822 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JULY 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | YEAR TO DATE 2020 |
|---|-----------------|------------------|---------------|---------------|---------------|---------------|--------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | |
| Primary Care Physician Services | 11.70 | 12.66 | 11.38 | 11.68 | 9.44 | 9.00 | 11.20 | 10.99 |
| Referral Specialty Services | 41.93 | 35.21 | 39.93 | 33.36 | 34.97 | 32.78 | 35.42 | 36.19 |
| Urgent Care & After Hours Advise | 5.69 | 7.59 | 5.70 | 4.03 | 4.09 | 3.66 | 4.38 | 5.00 |
| Hospital Admitting Team | 0.04 | 0.03 | 0.04 | 0.04 | 0.04 | 0.03 | 0.04 | 0.04 |
| TOTAL PHYSICIAN SERVICES | 59.35 | 55.49 | 57.05 | 49.10 | 48.53 | 45.48 | 51.04 | 52.23 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | |
| Vision Service Capitation | 1.20 | 1.04 | 1.04 | 1.04 | 1.04 | 1.02 | 1.04 | 1.06 |
| 221 - Business Intelligence | 0.80 | 0.82 | 0.78 | 0.92 | 0.76 | 0.90 | 0.82 | 0.83 |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.22 | 1.93 | 2.02 | 2.45 | 2.11 | 2.25 | 2.41 | 2.20 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.53 | 0.53 | 0.54 | 0.68 | 0.56 | 0.56 | 0.61 | 0.57 |
| 312 - Health Services - Education - UM Allocation * | 0.45 | 0.41 | 0.43 | 0.48 | 0.45 | 0.48 | 0.46 | 0.45 |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.35 | 0.32 | 0.32 | 0.34 | 0.30 | 0.35 | 0.34 | 0.33 |
| 314 - Health Homes - UM Allocation * | 0.37 | 0.36 | 0.42 | 0.51 | 0.40 | 0.40 | 0.42 | 0.41 |
| 315 - Case Management - UM Allocation * | 1.08 | 0.97 | 0.97 | 1.21 | 0.98 | 1.04 | 1.07 | 1.05 |
| 616 - Disease Management - UM Allocation * | 0.23 | 0.22 | 0.23 | 0.27 | 0.22 | 0.23 | 0.25 | 0.24 |
| Behavior Health Treatment | 3.94 | 3.74 | 3.97 | 4.72 | 2.62 | 2.64 | 4.44 | 3.72 |
| Mental Health Services | 1.33 | 0.87 | 0.52 | 0.02 | 0.44 | 0.22 | 0.20 | 0.51 |
| Other Professional Services | 4.94 | 4.66 | 4.76 | 2.81 | 3.74 | 2.96 | 4.83 | 4.09 |
| TOTAL OTHER PROFESSIONAL SERVICES | 17.43 | 15.87 | 16.00 | 15.45 | 13.62 | 13.04 | 16.89 | 15.46 |
| EMERGENCY ROOM | 21.02 | 21.03 | 21.35 | 15.08 | 16.45 | 12.96 | 13.95 | 17.35 |
| INPATIENT HOSPITAL | 59.97 | 55.57 | 58.61 | 63.24 | 56.26 | 65.93 | 65.27 | 60.74 |
| REINSURANCE EXPENSE PREMIUM | 0.29 | 0.58 | 0.00 | 0.31 | 0.27 | 0.28 | 0.29 | 0.29 |
| OUTPATIENT HOSPITAL SERVICES | 27.08 | 24.82 | 26.10 | 24.79 | 20.30 | 24.84 | 24.63 | 24.64 |
| OTHER MEDICAL | | | | | | | | |
| Ambulance and NEMT | 6.43 | 5.99 | 5.74 | 2.65 | 4.26 | 1.41 | 6.34 | 4.68 |
| Home Health Services & CBAS | 1.58 | 1.57 | 1.39 | 1.19 | 1.92 | 0.66 | 1.25 | 1.36 |
| Utilization and Quality Review Expenses | 1.24 | 0.92 | 0.99 | 0.97 | 0.37 | 0.94 | 1.05 | 0.92 |
| Long Term/SNF/Hospice | 4.23 | 4.79 | 6.12 | 6.13 | 5.67 | 2.69 | 6.75 | 5.20 |
| Health Home Capitation & Incentive | 0.67 | 0.55 | 0.45 | 1.04 | 1.29 | 0.96 | 0.87 | 0.84 |
| Provider Enhancement Expense - Prop. 56 | 7.32 | 23.89 | 26.09 | 19.14 | 17.07 | 20.41 | 19.12 | 19.02 |
| Provider Enhancement Expense - GEMT | 1.30 | 2.37 | 1.57 | 1.58 | 1.01 | 1.64 | 1.98 | 1.64 |
| Provider COVID-19 Expenses | 0.00 | 0.00 | 0.00 | 2.22 | 10.80 | 6.73 | 6.59 | 3.82 |
| TOTAL OTHER MEDICAL | 22.77 | 40.08 | 42.35 | 34.92 | 42.40 | 35.44 | 43.96 | 37.48 |
| PHARMACY SERVICES | | | | | | | | |
| RX - Drugs & OTC | 36.75 | 33.88 | 36.57 | 30.85 | 30.34 | 30.76 | 30.95 | 32.84 |
| RX - HEP-C | 1.09 | 1.33 | 1.87 | 1.44 | 1.14 | 1.15 | 1.23 | 1.32 |
| Rx - DME | 2.80 | 2.31 | 2.69 | 2.51 | 2.68 | 0.42 | 2.26 | 2.23 |
| RX - Pharmacy Rebates | (0.54) | (0.54) | (0.14) | (0.53) | (0.53) | (0.30) | (0.90) | (0.50) |
| TOTAL PHARMACY SERVICES | 40.10 | 36.98 | 40.99 | 34.27 | 33.64 | 32.03 | 33.55 | 35.89 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.00 | 2.00 | 2.00 | 2.02 | 1.98 | 2.00 | 2.00 | 2.00 |
| RISK CORRIDOR EXPENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.11 | (7.64) | 1.52 |
| HOSPITAL DIRECTED PAYMENTS | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 34.08 |
| HOSPITAL DIRECTED PAYMENT ADJUSTMENT | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | -29.09 |
| NON-CLAIMS EXPENSE ADJUSTMENT | 0.23 | 0.93 | (6.30) | 0.01 | 0.66 | (1.25) | (0.09) | (0.83) |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | 0.00 | (0.03) | (10.53) | (17.57) | 0.05 | (1.64) | 1.32 | (4.03) |
| Total Medical Costs | 296.10 | 299.13 | 293.50 | 267.65 | 279.64 | 293.97 | 12.34 | 247.73 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED JULY 31, 2020 | YEAR-TO-DATE | | |
|---------------|-----------|----------|---|--------------|------------|-----------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| 358,020 | 333,252 | (24,768) | 110 - Executive | 2,369,433 | 2,257,813 | (111,621) |
| 197,424 | 198,810 | 1,386 | 210 - Accounting | 1,311,516 | 1,389,696 | 78,180 |
| 283,465 | 273,114 | (10,351) | 220 - Management Information Systems | 2,246,947 | 1,911,804 | (335,143) |
| 15,840 | 13,051 | (2,789) | 221 - Business Intelligence | 101,010 | 91,369 | (9,641) |
| 277,998 | 281,947 | 3,949 | 222 - Enterprise Development | 1,783,707 | 1,973,643 | 189,936 |
| 409,337 | 415,721 | 6,384 | 225 - Infrastructure | 2,452,315 | 2,910,060 | 457,745 |
| 552,376 | 558,279 | 5,903 | 230 - Claims | 3,676,905 | 3,906,375 | 229,470 |
| 123,048 | 114,151 | (8,897) | 240 - Project Management | 716,023 | 799,057 | 83,034 |
| 99,273 | 101,046 | 1,773 | 310 - Health Services - Utilization Management | 734,893 | 695,158 | (39,735) |
| 50,493 | 55,142 | 4,649 | 311 - Health Services - Quality Improvement | 292,932 | 385,788 | 92,856 |
| - | 217 | 217 | 312 - Health Services - Education | 121 | 767 | 646 |
| 118,633 | 140,883 | 22,250 | 313- Pharmacy | 963,759 | 999,003 | 35,244 |
| 68 | - | (68) | 314 - Health Homes | 803 | - | (803) |
| 17,939 | 16,573 | (1,366) | 315 - Case Management | 119,337 | 116,009 | (3,328) |
| 24,558 | 23,131 | (1,427) | 616 - Disease Management | 154,919 | 161,918 | 6,999 |
| 281,741 | 313,552 | 31,811 | 320 - Provider Network Management | 1,974,161 | 2,194,864 | 220,703 |
| 542,035 | 563,882 | 21,847 | 330 - Member Services | 3,649,962 | 3,947,158 | 297,196 |
| 556,403 | 530,116 | (26,287) | 340 - Corporate Services | 4,127,172 | 3,691,812 | (435,360) |
| 69,507 | 67,176 | (2,331) | 360 - Audit & Investigative Services | 519,318 | 470,232 | (49,086) |
| 28,355 | 54,315 | 25,960 | 410 - Advertising Media | 425,847 | 380,205 | (45,642) |
| 78,000 | 68,457 | (9,543) | 420 - Sales/Marketing/Public Relations | 348,161 | 479,199 | 131,038 |
| 237,528 | 228,076 | (9,452) | 510 - Human Resources | 1,533,823 | 1,575,964 | 42,141 |
| - | - | - | Budgeted Administrative Vacancy and Timing Factor | (212,229) | - | 212,229 |
| 4,322,041 | 4,350,890 | 28,849 | Total Administrative Expenses | 29,290,835 | 30,337,894 | 1,047,059 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JULY 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | YEAR TO DATE 2020 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| 110 - Executive | 339,242 | 293,820 | 365,045 | 399,347 | 259,748 | 354,211 | 358,020 | 2,369,433 |
| 210 - Accounting | 173,904 | 178,919 | 174,836 | 183,136 | 174,058 | 229,239 | 197,424 | 1,311,516 |
| 220 - Management Information Systems (MIS) | 381,511 | 295,419 | 338,903 | 162,587 | 375,885 | 409,177 | 283,465 | 2,246,947 |
| 221 - Business Intelligence | - | 11,648 | 20,702 | 22,767 | 15,303 | 14,750 | 15,840 | 101,010 |
| 222 - Enterprise Development | 211,299 | 225,855 | 262,079 | 292,897 | 213,893 | 299,686 | 277,998 | 1,783,707 |
| 225 - Infrastructure | 359,015 | 241,507 | 308,323 | 274,546 | 428,168 | 431,419 | 409,337 | 2,452,315 |
| 230 - Claims | 556,280 | 498,960 | 493,312 | 543,105 | 485,601 | 547,271 | 552,376 | 3,676,905 |
| 240 - Project Management | 85,191 | 84,709 | 97,954 | 100,673 | 102,586 | 121,862 | 123,048 | 716,023 |
| 310 - Health Services - Utilization Management | 98,529 | 107,809 | 95,426 | 112,873 | 93,694 | 127,289 | 99,273 | 734,893 |
| 311 - Health Services - Quality Improvement | 10,824 | 41,860 | 43,027 | 54,448 | 45,627 | 46,653 | 50,493 | 292,932 |
| 312 - Health Services - Education | - | 60 | - | 61 | - | - | - | 121 |
| 313- Pharmacy | 156,947 | 147,980 | 148,599 | 141,729 | 123,386 | 126,485 | 118,633 | 963,759 |
| 314 - Health Homes | 222 | 15,046 | 98 | (14,707) | - | 76 | 68 | 803 |
| 315 - Case Management | 17,349 | 15,664 | 15,615 | 19,456 | 16,074 | 17,240 | 17,939 | 119,337 |
| 616 - Disease Management | 20,836 | 20,068 | 21,223 | 25,749 | 20,786 | 21,699 | 24,558 | 154,919 |
| 320 - Provider Network Management | 256,860 | 252,748 | 291,995 | 307,450 | 269,465 | 313,902 | 281,741 | 1,974,161 |
| 330 - Member Services | 530,714 | 484,954 | 496,790 | 563,492 | 484,348 | 547,629 | 542,035 | 3,649,962 |
| 340 - Corporate Services | 439,804 | 482,885 | 487,474 | 449,175 | 1,070,946 | 640,485 | 556,403 | 4,127,172 |
| 360 - Audit & Investigative Services | 81,923 | 83,979 | 59,288 | 87,154 | 60,510 | 76,957 | 69,507 | 519,318 |
| 410 - Advertising Media | 9,439 | 47,590 | 38,083 | 134,979 | 29,053 | 138,348 | 28,355 | 425,847 |
| 420 - Sales/Marketing/Public Relations | 44,020 | 35,104 | 43,800 | 36,382 | 55,996 | 54,859 | 78,000 | 348,161 |
| 510 - Human Resources | 285,952 | 186,648 | 181,915 | 228,494 | 160,954 | 252,332 | 237,528 | 1,533,823 |
| Total Department Expenses | 4,059,861 | 3,753,232 | 3,984,487 | 4,125,793 | 4,486,081 | 4,771,569 | 4,322,041 | 29,503,064 |
| ADMINISTRATIVE EXPENSE ADJUSTMENT | - | - | - | - | - | (212,229) | - | (212,229) |
| Total Administrative Expenses | 4,059,861 | 3,753,232 | 3,984,487 | 4,125,793 | 4,486,081 | 4,559,340 | 4,322,041 | 29,290,835 |

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JULY 31, 2020 | | | |
|---|---------------------|---------------------|-----------------|
| ASSETS | JULY 2020 | JUNE 2020 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,131,326 | \$ 1,127,540 | 3,786 |
| Interest Receivable | 1,262 | 3,786 | (2,524) |
| Prepaid Expenses & Other Current Assets | - | - | - |
| TOTAL CURRENT ASSETS | \$ 1,132,588 | \$ 1,131,326 | \$ 1,262 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Other Liabilities | - | - | - |
| TOTAL CURRENT LIABILITIES | \$ - | \$ - | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,128,885 | 1,128,885 | - |
| Increase (Decrease) in Net Position - Current Year | 3,703 | 2,441 | 1,262 |
| Total Net Position | \$ 1,132,588 | \$ 1,131,326 | \$ 1,262 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,132,588 | \$ 1,131,326 | \$ 1,262 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JULY 31, 2020 | YEAR-TO-DATE | | |
|-----------------------|----|-------|--|--------------|-----------|----------------|
| | | | | | | |
| ENROLLMENT | | | | | | |
| - | - | - | Members | - | - | - |
| REVENUES | | | | | | |
| - | - | - | Premium | - | - | - |
| 1,262 | - | 1,262 | Interest | 10,664 | - | 10,664 |
| - | - | - | Other Investment Income | (1,961) | - | (1,961) |
| 1,262 | - | 1,262 | TOTAL REVENUES | 8,703 | - | 8,703 |
| EXPENSES | | | | | | |
| - | - | - | Medical Costs | - | - | - |
| - | - | - | IBNR and Paid Claims Adjustment | - | - | - |
| - | - | - | Total Medical Costs | - | - | - |
| 1,262 | - | 1,262 | GROSS MARGIN | 8,703 | - | 8,703 |
| Administrative | | | | | | |
| - | - | - | Management Fee Expense and Other Admin Exp | 5,000 | - | (5,000) |
| - | - | - | Total Administrative Expenses | 5,000 | - | (5,000) |
| - | - | - | TOTAL EXPENSES | 5,000 | - | (5,000) |
| 1,262 | - | 1,262 | OPERATING INCOME (LOSS) | 3,703 | - | 3,703 |
| - | - | - | TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - |
| 1,262 | - | 1,262 | NET INCREASE (DECREASE) IN NET POSITION | 3,703 | - | 3,703 |
| 0% | 0% | 0% | MEDICAL LOSS RATIO | 0% | 0% | 0% |
| 0% | 0% | 0% | ADMINISTRATIVE EXPENSE RATIO | 57% | 0% | -57% |

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

| | | 2020 MEMBER MONTHS | | | | | | | | | | | |
|-------------------------------------|------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|
| MEDI-CAL | | JAN'20 | FEB'20 | MAR'20 | APR'20 | MAY'20 | JUN'20 | JUL'20 | AUG'20 | SEP'20 | OCT'20 | NOV'20 | DEC'20 |
| ADULT AND FAMILY | | | | | | | | | | | | | |
| ADULT | 315,251 | 43,519 | 43,767 | 44,480 | 44,402 | 45,381 | 46,558 | 47,144 | 0 | 0 | 0 | 0 | 0 |
| CHILD | 870,131 | 122,496 | 123,040 | 123,357 | 123,687 | 124,785 | 126,031 | 126,735 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL ADULT & FAMILY | 1,185,382 | 166,015 | 166,807 | 167,837 | 168,089 | 170,166 | 172,589 | 173,879 | 0 | 0 | 0 | 0 | 0 |
| OTHER MEMBERS | | | | | | | | | | | | | |
| BCCTP-TOBACCO SETTLEMENT | 187 | 26 | 28 | 26 | 25 | 27 | 27 | 28 | 0 | 0 | 0 | 0 | 0 |
| DUALS | | | | | | | | | | | | | |
| PARTIAL DUALS - FAMILY | 3,154 | 432 | 432 | 453 | 461 | 474 | 450 | 452 | 0 | 0 | 0 | 0 | 0 |
| PARTIAL DUALS - CHILD | 7 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| PARTIAL DUALS - BCCTP | 12 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 |
| SPD FULL DUALS | 48,061 | 6,599 | 6,759 | 6,911 | 6,923 | 6,983 | 6,941 | 6,945 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL DUALS | 51,234 | 7,033 | 7,193 | 7,367 | 7,387 | 7,460 | 7,394 | 7,400 | 0 | 0 | 0 | 0 | 0 |
| TOTAL FAMILY & OTHER | 1,236,803 | 173,074 | 174,028 | 175,230 | 175,501 | 177,653 | 180,010 | 181,307 | 0 | 0 | 0 | 0 | 0 |
| SPD | | | | | | | | | | | | | |
| SPD (AGED AND DISABLED) | 110,107 | 15,667 | 15,493 | 15,688 | 15,992 | 15,946 | 15,803 | 15,518 | 0 | 0 | 0 | 0 | 0 |
| MEDI-CAL EXPANSION | | | | | | | | | | | | | |
| ACA Expansion Adult-Citizen | 431,288 | 59,583 | 60,197 | 60,360 | 61,164 | 62,179 | 63,373 | 64,432 | 0 | 0 | 0 | 0 | 0 |
| ACA Expansion Duals | 2,409 | 316 | 289 | 274 | 293 | 356 | 406 | 475 | 0 | 0 | 0 | 0 | 0 |
| SUB-TOTAL MED-CAL EXPANSION | 433,697 | 59,899 | 60,486 | 60,634 | 61,457 | 62,535 | 63,779 | 64,907 | 0 | 0 | 0 | 0 | 0 |
| TOTAL KAISER | 65,440 | 8,992 | 9,125 | 9,169 | 9,262 | 9,475 | 9,594 | 9,823 | 0 | 0 | 0 | 0 | 0 |
| TOTAL MEDI-CAL MEMBERS | 1,846,047 | 257,632 | 259,132 | 260,721 | 262,212 | 265,609 | 269,186 | 271,555 | 0 | 0 | 0 | 0 | 0 |



To: KHS Board of Directors

From: Robert Landis, CFO

Date: October 15, 2020

Re: August 2020 Financial Results

The August results reflect a \$1,061,100 Net Increase in Net Position which is a \$1,858,965 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$1.2 million favorable variance primarily due to:
 - A) \$3.5 million favorable variance primarily due to higher than expected budgeted membership.
 - B) \$.9 million unfavorable variance due to a 1 ½% rate reduction required under the Governor's budget.
 - C) \$2.4 million favorable variance in Proposition 56 Supplemental Revenue due to an unbudgeted rate increase in tobacco tax revenue funds in fiscal year 19/20 for additional CPT procedure codes along with unbudgeted new Prop 56 programs that became effective January 1, 2020 offset against amounts included in 2C below.
 - D) \$1.8 million unfavorable variance in Premium MCO Tax due to a revised reduction in our MCO tax liability rates that occurred with an agreement between CMS and DHCS which is offset against MCO Tax Expense included in Item 3 below.
 - E) \$2.0 million unfavorable variance in Premium-Hospital Directed Payments (Current Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 2E below.
- 2) Total Medical Costs reflect a \$.9 million unfavorable variance primarily due to:
 - A) \$1.4 million favorable variance in Physician Services due to lower than expected utilization of Primary Care and Specialty Care services.
 - B) \$3.1 million unfavorable variance in Inpatient due to higher than expected utilization.
 - C) \$2.0 million unfavorable variance in Other Medical primarily due to accruing for estimated Proposition 56 expenses relating to unbudgeted additional CPT procedure codes along with increases in supplemental allowable payable amounts that became effective January 1, 2020 offset against revenue included in 1C above (\$.9 million) and Covid-19 provider relief expenses (\$.8 million).

- D) \$.6 million favorable variance in Pharmacy primarily from formulary modifications that capitalized on new generics that came to market and less costly brands within the same therapeutic class. There was also a timing impact from the lengthening of the day supply per prescription of maintenance medications that occurred beginning in March.
 - E) \$.2 million favorable variance in Hospital Directed Payments (Current Year) primarily due to receiving revised 18/19 HDP rates. This amount is offset against amounts included in 1E above.
- 3) \$1.2 million favorable variance in MCO Tax due to a revised reduction in our MCO tax liability rates that occurred with an agreement between CMS and DHCS which is partially offset against MCO Tax Premium included in Item 1D above.

The August Medical Loss Ratio is 91.2% which is favorable to the 93.4% budgeted amount. The August Administrative Expense Ratio is 5.8% which is favorable to the 6.6% budgeted amount.

The results for the 8 months ended August 31, 2020 reflect a Net Increase in Net Position of \$9,550,769. This is a \$15,001,998 favorable variance to budget and includes approximately \$8.3 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 91.3% which is favorable to the 93.2% budgeted amount. The year-to-date Administrative Expense Ratio is 6.1% which is favorable to the 6.6% budgeted amount.

**Kern Health Systems
Financial Packet
August 2020**

KHS – Medi-Cal Line of Business

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

KHS Group Health Plan – Healthy Families Line of Business

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

KHS Administrative Analysis and Other Reporting

| | |
|----------------------|---------|
| Monthly Member Count | Page 15 |
|----------------------|---------|

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF AUGUST 31, 2020 | | | |
|---|-----------------------|-----------------------|----------------------|
| ASSETS | AUGUST 2020 | JULY 2020 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 78,343,510 | \$ 108,464,238 | \$ (30,120,728) |
| Short-Term Investments | 133,084,804 | 81,358,663 | 51,726,141 |
| Premiums Receivable - Net | 138,168,642 | 128,646,326 | 9,522,316 |
| Premiums Receivable - Hospital Direct Payments | 221,388,642 | 212,271,539 | 9,117,103 |
| Interest Receivable | 222,388 | 106,186 | 116,202 |
| Provider Advance Payment | 5,258,533 | 35,074,868 | (29,816,335) |
| Other Receivables | 1,445,895 | 1,137,076 | 308,819 |
| Prepaid Expenses & Other Current Assets | 1,976,799 | 2,797,469 | (820,670) |
| Total Current Assets | \$ 579,889,213 | \$ 569,856,365 | \$ 10,032,848 |
| CAPITAL ASSETS - NET OF ACCUM DEPREE: | | | |
| Land | 4,090,706 | 4,090,706 | - |
| Furniture and Equipment - Net | 2,262,620 | 2,308,218 | (45,598) |
| Computer Hardware and Software - Net | 15,991,802 | 16,199,194 | (207,392) |
| Building and Building Improvements - Net | 35,651,058 | 35,726,752 | (75,694) |
| Capital Projects in Progress | 10,333,994 | 10,191,921 | 142,073 |
| Total Capital Assets | \$ 68,330,180 | \$ 68,516,791 | \$ (186,611) |
| LONG TERM ASSETS: | | | |
| Restricted Investments | 300,000 | 300,000 | - |
| Officer Life Insurance Receivables | 1,504,221 | 1,504,221 | - |
| Total Long Term Assets | \$ 1,804,221 | \$ 1,804,221 | \$ - |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 2,889,179 | \$ 2,889,179 | \$ - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 652,912,793 | \$ 643,066,556 | \$ 9,846,237 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Accrued Salaries and Employee Benefits | \$ 3,652,814 | \$ 3,388,717 | 264,097 |
| Accrued Other Operating Expenses | 1,465,499 | 1,389,952 | 75,547 |
| Accrued Taxes and Licenses | 65,123,086 | 56,217,970 | 8,905,116 |
| Claims Payable (Reported) | 24,349,243 | 19,249,351 | 5,099,892 |
| IBNR - Inpatient Claims | 28,761,817 | 31,005,029 | (2,243,212) |
| IBNR - Physician Claims | 15,867,402 | 17,544,793 | (1,677,391) |
| IBNR - Accrued Other Medical | 18,207,838 | 13,583,541 | 4,624,297 |
| Risk Pool and Withholds Payable | 4,086,687 | 3,557,189 | 529,498 |
| Statutory Allowance for Claims Processing Expense | 2,066,234 | 2,066,234 | - |
| Other Liabilities | 50,453,434 | 52,625,052 | (2,171,618) |
| Accrued Hospital Directed Payments | 207,650,450 | 212,271,539 | (4,621,089) |
| Total Current Liabilities | \$ 421,684,504 | \$ 412,899,367 | \$ 8,785,137 |
| NONCURRENT LIABILITIES: | | | |
| Net Pension Liability | 6,564,477 | 6,564,477 | - |
| TOTAL NONCURRENT LIABILITIES | \$ 6,564,477 | \$ 6,564,477 | \$ - |
| DEFERRED INFLOWS OF RESOURCES | \$ 420,664 | \$ 420,664 | \$ - |
| NET POSITION: | | | |
| Net Position - Beg. of Year | 214,692,379 | 214,692,379 | - |
| Increase (Decrease) in Net Position - Current Year | 9,550,769 | 8,489,669 | 1,061,100 |
| Total Net Position | \$ 224,243,148 | \$ 223,182,048 | \$ 1,061,100 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 652,912,793 | \$ 643,066,556 | \$ 9,846,237 |

| | | | KERN HEALTH SYSTEMS MEDI-CAL - ALL COA | | | | | |
|--------------------------------|------------|-------------|---|--|--|----------------------------|-------------|--------------|
| | | | STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED AUGUST 31, 2020 | | | | | |
| CURRENT MONTH MEMBERS | | | | | | YEAR-TO-DATE MEMBER MONTHS | | |
| ACTUAL | BUDGET | VARIANCE | | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 176,018 | 170,300 | 5,718 | Family Members | | | 1,364,561 | 1,351,200 | 13,361 |
| 66,052 | 61,090 | 4,962 | Expansion Members | | | 499,749 | 488,720 | 11,029 |
| 15,626 | 14,730 | 896 | SPD Members | | | 125,733 | 117,840 | 7,893 |
| 7,053 | 6,205 | 848 | Other Members | | | 55,313 | 49,640 | 5,673 |
| 10,138 | 8,660 | 1,478 | Kaiser Members | | | 75,578 | 69,280 | 6,298 |
| 274,887 | 260,985 | 13,902 | Total Members - MCAL | | | 2,120,934 | 2,076,680 | 44,254 |
| REVENUES | | | | | | | | |
| 30,548,160 | 27,595,284 | 2,952,876 | Title XIX - Medicaid - Family and Other | | | 231,643,154 | 219,766,737 | 11,876,417 |
| 24,848,094 | 23,145,509 | 1,702,585 | Title XIX - Medicaid - Expansion Members | | | 190,327,977 | 185,164,074 | 5,163,903 |
| 15,192,022 | 14,884,621 | 307,401 | Title XIX - Medicaid - SPD Members | | | 121,282,493 | 119,076,969 | 2,205,524 |
| 8,333,151 | 10,093,000 | (1,759,849) | Premium - MCO Tax | | | 64,168,703 | 80,296,000 | (16,127,297) |
| 9,112,870 | 11,096,744 | (1,983,874) | Premium - Hospital Directed Payments | | | 69,794,490 | 88,654,003 | (18,859,513) |
| 173,465 | 400,953 | (227,488) | Investment Earnings And Other Income | | | 2,057,155 | 3,189,830 | (1,132,675) |
| - | 73,174 | (73,174) | Reinsurance Recoveries | | | - | 582,146 | (582,146) |
| 4,234 | - | 4,234 | Rate Adjustments - Hospital Directed Payments | | | (51,787,025) | - | (51,787,025) |
| 291,820 | - | 291,820 | Rate/Income Adjustments | | | (934,621) | - | (934,621) |
| 88,503,816 | 87,289,286 | 1,214,530 | TOTAL REVENUES | | | 626,552,326 | 696,729,759 | (70,177,433) |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 13,004,274 | 14,423,731 | 1,419,457 | Physician Services | | | 105,999,371 | 114,917,325 | 8,917,954 |
| 4,749,011 | 4,647,041 | (101,970) | Other Professional Services | | | 32,280,229 | 37,002,663 | 4,722,434 |
| 4,813,363 | 5,173,468 | 360,105 | Emergency Room | | | 35,710,483 | 41,184,660 | 5,474,177 |
| 16,635,497 | 13,541,731 | (3,093,766) | Inpatient | | | 124,788,948 | 107,976,661 | (16,812,287) |
| 76,284 | 73,174 | (3,110) | Reinsurance Expense | | | 588,025 | 582,146 | (5,879) |
| 6,894,371 | 6,566,329 | (328,042) | Outpatient Hospital | | | 50,764,011 | 52,381,776 | 1,617,765 |
| 9,055,443 | 7,049,175 | (2,006,268) | Other Medical | | | 75,788,599 | 56,088,318 | (19,700,281) |
| 9,180,669 | 9,734,035 | 553,366 | Pharmacy | | | 73,088,517 | 77,673,025 | 4,584,508 |
| 529,498 | 504,650 | (24,848) | Pay for Performance Quality Incentive | | | 4,090,712 | 4,014,800 | (75,912) |
| - | - | - | Risk Corridor Expense | | | 2,700,000 | - | (2,700,000) |
| 9,112,870 | 11,096,744 | 1,983,874 | Hospital Directed Payments | | | 69,794,490 | 88,654,003 | 18,859,513 |
| (233,958) | - | 233,958 | Hospital Directed Payment Adjustment | | | (52,025,217) | - | 52,025,217 |
| (157) | - | 157 | Non-Claims Expense Adjustment | | | (1,473,823) | - | 1,473,823 |
| (120,764) | - | 120,764 | IBNR, Incentive, Paid Claims Adjustment | | | (7,293,122) | - | 7,293,122 |
| 73,696,401 | 72,810,078 | (886,323) | Total Medical Costs | | | 514,801,223 | 580,475,378 | 65,674,155 |
| 14,807,415 | 14,479,208 | 328,207 | GROSS MARGIN | | | 111,751,103 | 116,254,382 | (4,503,279) |
| Administrative: | | | | | | | | |
| 2,597,575 | 2,681,540 | 83,965 | Compensation | | | 20,652,049 | 21,376,190 | 724,141 |
| 819,771 | 860,880 | 41,109 | Purchased Services | | | 7,237,854 | 6,885,503 | (352,351) |
| 63,919 | 119,190 | 55,271 | Supplies | | | 425,240 | 953,706 | 528,466 |
| 418,389 | 334,375 | (84,014) | Depreciation | | | 3,354,008 | 2,656,000 | (698,008) |
| 254,091 | 346,996 | 92,905 | Other Administrative Expenses | | | 1,987,658 | 2,809,475 | 821,817 |
| - | - | - | Administrative Expense Adjustment | | | (212,229) | - | 212,229 |
| 4,153,745 | 4,342,981 | 189,236 | Total Administrative Expenses | | | 33,444,580 | 34,680,875 | 1,236,295 |
| 77,850,146 | 77,153,059 | (697,087) | TOTAL EXPENSES | | | 548,245,803 | 615,156,253 | 66,910,450 |
| 10,653,670 | 10,136,227 | 517,443 | OPERATING INCOME (LOSS) BEFORE TAX | | | 78,306,523 | 81,573,507 | (3,266,984) |
| 8,905,117 | 10,093,000 | 1,187,883 | MCO TAX | | | 65,300,979 | 80,296,000 | 14,995,021 |
| 1,748,553 | 43,227 | 1,705,326 | OPERATING INCOME (LOSS) NET OF TAX | | | 13,005,544 | 1,277,507 | 11,728,037 |
| NONOPERATING REVENUE (EXPENSE) | | | | | | | | |
| - | - | - | Gain on Sale of Assets | | | - | - | - |
| (489,047) | (333,333) | (155,714) | Provider Recruitment and Retention Grants | | | (2,256,941) | (2,666,664) | 409,723 |
| (198,406) | (507,759) | 309,353 | Health Home | | | (1,197,834) | (4,062,072) | 2,864,238 |
| (687,453) | (841,092) | 153,639 | TOTAL NONOPERATING REVENUE (EXPENSE) | | | (3,454,775) | (6,728,736) | 3,273,961 |
| 1,061,100 | (797,865) | 1,858,965 | NET INCREASE (DECREASE) IN NET POSITION | | | 9,550,769 | (5,451,229) | 15,001,998 |
| 91.2% | 93.4% | 2.1% | MEDICAL LOSS RATIO | | | 91.3% | 93.2% | 1.9% |
| 5.8% | 6.6% | 0.7% | ADMINISTRATIVE EXPENSE RATIO | | | 6.1% | 6.6% | 0.4% |

| | | | KERN HEALTH SYSTEMS MEDI-CAL | | | | | |
|--------------------------------|----------|----------|---|--|--|--------------|-----------|----------|
| CURRENT MONTH | | | STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM | | | YEAR-TO-DATE | | |
| ACTUAL | BUDGET | VARIANCE | FOR THE MONTH ENDED AUGUST 31, 2020 | | | ACTUAL | BUDGET | VARIANCE |
| ENROLLMENT | | | | | | | | |
| 176,018 | 170,300 | 5,718 | Family Members | | | 1,364,561 | 1,351,200 | 13,361 |
| 66,052 | 61,090 | 4,962 | Expansion Members | | | 499,749 | 488,720 | 11,029 |
| 15,626 | 14,730 | 896 | SPD Members | | | 125,733 | 117,840 | 7,893 |
| 7,053 | 6,205 | 848 | Other Members | | | 55,313 | 49,640 | 5,673 |
| 10,138 | 8,660 | 1,478 | Kaiser Members | | | 75,578 | 69,280 | 6,298 |
| 274,887 | 260,985 | 13,902 | Total Members - MCAL | | | 2,120,934 | 2,076,680 | 44,254 |
| REVENUES | | | | | | | | |
| 166.87 | 156.34 | 10.52 | Title XIX - Medicaid - Family and Other | | | 163.14 | 156.88 | 6.26 |
| 376.19 | 378.88 | (2.69) | Title XIX - Medicaid - Expansion Members | | | 380.85 | 378.88 | 1.97 |
| 972.23 | 1,010.50 | (38.27) | Title XIX - Medicaid - SPD Members | | | 964.60 | 1,010.50 | (45.89) |
| 31.48 | 40.00 | (8.52) | Premium - MCO Tax | | | 31.37 | 40.00 | (8.63) |
| 34.42 | 43.98 | (9.56) | Premium - Hospital Directed Payments | | | 34.12 | 44.16 | (10.04) |
| 0.66 | 1.59 | (0.93) | Investment Earnings And Other Income | | | 1.01 | 1.59 | (0.58) |
| 0.00 | 0.29 | (0.29) | Reinsurance Recoveries | | | 0.00 | 0.29 | (0.29) |
| 0.02 | 0.00 | 0.02 | Rate Adjustments - Hospital Directed Payments | | | (25.32) | 0.00 | (25.32) |
| 1.10 | 0.00 | 1.10 | Rate/Income Adjustments | | | (0.46) | 0.00 | (0.46) |
| 334.29 | 345.94 | (11.65) | TOTAL REVENUES | | | 306.33 | 347.08 | (40.75) |
| EXPENSES | | | | | | | | |
| Medical Costs: | | | | | | | | |
| 49.12 | 57.16 | 8.04 | Physician Services | | | 51.82 | 57.25 | 5.42 |
| 17.94 | 18.42 | 0.48 | Other Professional Services | | | 15.78 | 18.43 | 2.65 |
| 18.18 | 20.50 | 2.32 | Emergency Room | | | 17.46 | 20.52 | 3.06 |
| 62.83 | 53.67 | (9.17) | Inpatient | | | 61.01 | 53.79 | (7.22) |
| 0.29 | 0.29 | 0.00 | Reinsurance Expense | | | 0.29 | 0.29 | 0.00 |
| 26.04 | 26.02 | (0.02) | Outpatient Hospital | | | 24.82 | 26.09 | 1.28 |
| 34.20 | 27.94 | (6.27) | Other Medical | | | 37.05 | 27.94 | (9.11) |
| 34.68 | 38.58 | 3.90 | Pharmacy | | | 35.73 | 38.69 | 2.96 |
| 2.00 | 2.00 | 0.00 | Pay for Performance Quality Incentive | | | 2.00 | 2.00 | 0.00 |
| 0.00 | 0.00 | 0.00 | Risk Corridor Expense | | | 1.32 | 0.00 | (1.32) |
| 34.42 | 43.98 | 9.56 | Hospital Directed Payments | | | 34.12 | 44.16 | 10.04 |
| (0.88) | 0.00 | 0.88 | Hospital Directed Payment Adjustment | | | (25.44) | 0.00 | 25.44 |
| (0.00) | 0.00 | 0.00 | Non-Claims Expense Adjustment | | | (0.72) | 0.00 | 0.72 |
| (0.46) | 0.00 | 0.46 | IBNR, Incentive, Paid Claims Adjustment | | | (3.57) | 0.00 | 3.57 |
| 278.36 | 288.56 | 10.19 | Total Medical Costs | | | 251.69 | 289.17 | 37.48 |
| 55.93 | 57.38 | (1.45) | GROSS MARGIN | | | 54.64 | 57.91 | (3.28) |
| Administrative: | | | | | | | | |
| 9.81 | 10.63 | 0.82 | Compensation | | | 10.10 | 10.65 | 0.55 |
| 3.10 | 3.41 | 0.32 | Purchased Services | | | 3.54 | 3.43 | (0.11) |
| 0.24 | 0.47 | 0.23 | Supplies | | | 0.21 | 0.48 | 0.27 |
| 1.58 | 1.33 | (0.26) | Depreciation | | | 1.64 | 1.32 | (0.32) |
| 0.96 | 1.38 | 0.42 | Other Administrative Expenses | | | 0.97 | 1.40 | 0.43 |
| 0.00 | 0.00 | 0.00 | Administrative Expense Adjustment | | | (0.10) | 0.00 | 0.10 |
| 15.69 | 17.21 | 1.52 | Total Administrative Expenses | | | 16.35 | 17.28 | 0.93 |
| 294.05 | 305.77 | 11.72 | TOTAL EXPENSES | | | 268.04 | 306.44 | 38.40 |
| 40.24 | 40.17 | 0.07 | OPERATING INCOME (LOSS) BEFORE TAX | | | 38.29 | 40.64 | (2.35) |
| 33.64 | 40.00 | 6.36 | MCO TAX | | | 31.93 | 40.00 | 8.07 |
| 6.60 | 0.17 | 6.43 | OPERATING INCOME (LOSS) NET OF TAX | | | 6.36 | 0.64 | 5.72 |
| NONOPERATING REVENUE (EXPENSE) | | | | | | | | |
| 0.00 | 0.00 | 0.00 | Gain on Sale of Assets | | | 0.00 | 0.00 | 0.00 |
| (1.85) | (1.32) | (0.53) | Reserve Fund Projects/Community Grants | | | (1.10) | (1.33) | 0.22 |
| (0.75) | (2.01) | 1.26 | Health Home | | | (0.59) | (2.02) | 1.44 |
| (2.60) | (3.33) | 0.74 | TOTAL NONOPERATING REVENUE (EXPENSE) | | | (1.69) | (3.35) | 1.66 |
| 4.01 | (3.16) | 7.17 | NET INCREASE (DECREASE) IN NET POSITION | | | 4.67 | (2.72) | 7.39 |
| 91.2% | 93.4% | 2.1% | MEDICAL LOSS RATIO | | | 91.3% | 93.2% | 1.9% |
| 5.8% | 6.6% | 0.7% | ADMINISTRATIVE EXPENSE RATIO | | | 6.1% | 6.6% | 0.4% |

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH AUGUST 31, 2020 | | | | | | | | | | | | | | |
|--|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | AUGUST 2019 | SEPTEMBER 2019 | OCTOBER 2019 | NOVEMBER 2019 | DECEMBER 2019 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | AUGUST 2020 | 13 MONTH TOTAL |
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | 249,466 | 251,277 | 251,039 | 250,459 | 249,381 | 248,640 | 250,007 | 251,552 | 252,950 | 256,134 | 259,592 | 261,732 | 264,749 | 3,296,978 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 27,380,366 | 27,444,092 | 27,395,016 | 34,656,206 | 28,289,680 | 28,111,536 | 28,136,428 | 28,589,738 | 27,567,358 | 28,170,470 | 30,522,053 | 29,997,411 | 30,548,160 | 376,808,514 |
| Title XIX - Medicaid - Expansion Members | 22,748,791 | 23,117,928 | 22,908,874 | 25,545,000 | 24,658,622 | 23,135,804 | 23,419,130 | 23,548,401 | 22,679,789 | 23,386,527 | 24,776,875 | 24,533,357 | 24,848,094 | 309,307,192 |
| Title XIX - Medicaid - SPD Members | 14,965,261 | 15,059,382 | 15,759,913 | 16,141,207 | 15,294,321 | 15,020,731 | 15,113,713 | 15,275,980 | 14,884,891 | 14,967,019 | 15,603,750 | 15,224,387 | 15,192,022 | 198,502,577 |
| Premium - MCO Tax | 12,317,485 | 10,182,096 | 10,062,668 | 11,609,045 | (52,290,862) | - | 16,158,895 | 7,586,709 | 7,915,338 | 7,915,091 | 8,023,287 | 8,236,232 | 8,333,151 | 56,049,135 |
| Premium - Hospital Directed Payments | - | - | - | - | 136,163,466 | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,860,821) | 9,112,870 | 205,957,956 |
| Investment Earnings And Other Income | 382,033 | 708,869 | 338,986 | 265,233 | 731,395 | 190,131 | 301,265 | 424,094 | 266,256 | 323,827 | 62,534 | 315,583 | 173,465 | 4,483,671 |
| Reinsurance Recoveries | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rate Adjustments - Hospital Directed Payments | - | 62,733,334 | - | - | 101,394,310 | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | (52,075,301) | 4,234 | 112,340,619 |
| Rate/Income Adjustments | 329,476 | 103,418 | 318,771 | (3,664) | (391,644) | 819,618 | 809,261 | 616,798 | (4,529,302) | 444,891 | 476,588 | 135,705 | 291,820 | (578,264) |
| TOTAL REVENUES | 78,123,412 | 139,349,119 | 76,784,228 | 88,213,027 | 253,849,288 | 78,672,737 | 95,391,047 | 87,579,613 | 80,435,517 | 86,859,012 | 91,604,031 | 17,506,553 | 88,503,816 | 1,262,871,400 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 13,516,282 | 12,473,244 | 13,286,040 | 14,396,081 | 15,556,899 | 14,757,546 | 13,873,238 | 14,351,280 | 12,418,888 | 12,429,908 | 11,806,601 | 13,357,636 | 13,004,274 | 175,227,917 |
| Other Professional Services | 3,775,027 | 3,913,361 | 4,483,269 | 3,596,983 | 4,371,702 | 4,334,953 | 3,966,515 | 4,024,762 | 3,908,759 | 3,489,408 | 3,385,134 | 4,421,687 | 4,749,011 | 52,420,571 |
| Emergency Room | 4,645,061 | 4,697,451 | 5,571,836 | 5,227,569 | 4,729,725 | 5,226,947 | 5,258,084 | 5,370,795 | 3,813,875 | 4,212,272 | 3,363,172 | 3,651,975 | 4,813,363 | 60,582,125 |
| Inpatient | 15,238,360 | 15,564,329 | 14,951,334 | 14,657,214 | 14,449,035 | 14,911,677 | 13,893,706 | 14,743,904 | 15,995,368 | 14,410,696 | 17,115,732 | 17,082,368 | 16,635,497 | 199,429,620 |
| Reinsurance Expense | 129,256 | 126,290 | 127,228 | 129,075 | 128,012 | 72,320 | 144,425 | (213) | 77,341 | 69,310 | 73,356 | 75,202 | 76,284 | 1,227,886 |
| Outpatient Hospital | 6,523,398 | 6,130,800 | 6,128,586 | 6,141,173 | 6,467,801 | 6,734,395 | 6,204,610 | 6,566,090 | 6,270,816 | 5,199,240 | 6,447,664 | 6,446,825 | 6,894,371 | 80,455,769 |
| Other Medical | 6,439,790 | 7,570,084 | 5,832,261 | 16,655,345 | 6,649,662 | 5,661,784 | 10,021,013 | 10,653,430 | 8,832,073 | 10,860,308 | 9,199,742 | 11,504,806 | 9,055,443 | 118,935,741 |
| Pharmacy | 9,336,978 | 9,145,904 | 9,834,755 | 9,282,817 | 9,267,277 | 9,971,687 | 9,246,208 | 10,311,873 | 8,667,925 | 8,616,291 | 8,313,457 | 8,780,407 | 9,180,669 | 119,956,248 |
| Pay for Performance Quality Incentive | 498,932 | 502,552 | 502,078 | 500,918 | 498,762 | 497,280 | 500,014 | 503,104 | 509,814 | 508,354 | 519,184 | 523,464 | 529,498 | 6,593,954 |
| Risk Corridor Expense | - | - | - | - | - | - | - | - | - | - | 4,700,000 | (2,000,000) | - | 2,700,000 |
| Hospital Directed Payments | - | - | - | - | 136,163,466 | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,860,821) | 9,112,870 | 205,957,956 |
| Hospital Directed Payment Adjustment | - | 62,605,426 | - | - | 101,154,229 | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | (52,075,301) | (23,395) | 111,734,438 |
| Non-Claims Expense Adjustment | 11,717 | 11,329 | (5,919) | (18,762) | 4,624 | 57,172 | 232,393 | (1,583,770) | 1,420 | 167,936 | (325,027) | (23,790) | (157) | (1,470,834) |
| IBNR, Incentive, Paid Claims Adjustment | 202,480 | 374,161 | 20,741 | (40,346) | (259,377) | 816 | (8,559) | (2,649,204) | (4,444,586) | (4,444,586) | 344,451 | 344,451 | (120,764) | (6,995,823) |
| Total Medical Costs | 60,317,281 | 123,114,931 | 60,732,209 | 70,528,067 | 297,481,457 | 73,621,494 | 74,784,002 | 73,829,944 | 67,702,880 | 71,626,453 | 76,311,140 | 3,228,909 | 73,696,401 | 1,126,975,168 |
| GROSS MARGIN | 17,806,131 | 16,234,188 | 16,052,019 | 17,684,960 | (43,632,169) | 5,051,243 | 20,607,045 | 13,749,669 | 12,732,637 | 15,232,559 | 15,292,891 | 14,277,644 | 14,807,415 | 135,896,232 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 2,254,325 | 2,343,633 | 2,510,126 | 2,403,604 | 2,589,213 | 2,577,348 | 2,407,112 | 2,447,667 | 2,678,816 | 2,375,693 | 2,835,739 | 2,732,099 | 2,597,575 | 32,752,950 |
| Purchased Services | 605,801 | 836,783 | 831,542 | 805,047 | 1,358,494 | 805,903 | 833,909 | 749,771 | 931,815 | 941,269 | 1,295,571 | 859,845 | 819,771 | 11,675,521 |
| Supplies | 49,290 | 76,514 | 203,279 | 58,830 | (7,208) | 35,806 | 43,182 | 99,552 | 60,138 | 21,318 | 29,774 | 71,551 | 63,919 | 805,945 |
| Depreciation | 151,655 | 151,656 | 355,208 | 280,129 | 304,894 | 287,390 | 287,536 | 300,318 | 300,318 | 924,253 | 418,036 | 417,768 | 418,389 | 4,597,550 |
| Other Administrative Expenses | 489,494 | 523,591 | 519,786 | 270,201 | 344,959 | 353,414 | 181,493 | 387,179 | 154,706 | 223,548 | 192,449 | 240,778 | 254,091 | 4,135,689 |
| Administrative Expense Adjustment | - | - | - | - | 1,325,136 | - | - | - | - | - | (212,229) | - | - | 1,112,907 |
| Total Administrative Expenses | 3,550,565 | 3,932,177 | 4,419,941 | 3,817,811 | 5,915,488 | 4,059,861 | 3,753,232 | 3,984,487 | 4,125,793 | 4,486,081 | 4,559,340 | 4,322,041 | 4,153,745 | 55,080,562 |
| TOTAL EXPENSES | 63,867,846 | 127,047,108 | 65,152,150 | 74,345,878 | 303,396,945 | 77,681,355 | 78,537,234 | 77,814,431 | 71,828,673 | 76,112,534 | 80,870,480 | 7,550,590 | 77,850,146 | 1,182,055,730 |
| OPERATING INCOME (LOSS) BEFORE TAX | 14,255,566 | 12,302,011 | 11,632,078 | 13,867,149 | (49,547,657) | 991,382 | 16,853,313 | 9,765,182 | 8,606,844 | 10,746,478 | 10,733,551 | 9,955,603 | 10,653,670 | 80,815,670 |
| MCO TAX | 12,278,276 | 10,165,243 | 10,057,218 | 12,283,003 | (52,962,035) | - | 16,159,021 | 7,586,709 | 7,915,243 | 7,914,997 | 7,915,244 | 8,904,648 | 8,905,117 | 57,133,684 |
| OPERATING INCOME (LOSS) NET OF TAX | 1,976,290 | 2,136,768 | 1,574,860 | 1,584,146 | 3,414,378 | 991,382 | 694,292 | 2,178,473 | 691,601 | 2,831,481 | 2,818,307 | 1,050,955 | 1,748,553 | 23,691,986 |
| TOTAL NONOPERATING REVENUE (EXPENSE) | (151,504) | (380,606) | (236,574) | (885,928) | (425,785) | (942,282) | (569,882) | (1,076,457) | 424,682 | (587,120) | (479,019) | 462,756 | (687,453) | (4,831,456) |
| NET INCREASE (DECREASE) IN NET POSITION | 1,824,786 | 1,756,162 | 1,338,286 | 698,218 | 2,988,593 | 49,100 | 124,910 | 1,102,016 | 1,116,283 | 2,244,361 | 2,339,288 | 1,513,711 | 1,061,100 | 18,860,530 |
| MEDICAL LOSS RATIO | 91.7% | 91.1% | 91.0% | 92.1% | 87.7% | 92.5% | 93.4% | 91.0% | 92.1% | 89.1% | 89.8% | 91.4% | 91.2% | 91.1% |
| ADMINISTRATIVE EXPENSE RATIO | 5.4% | 5.9% | 6.6% | 5.0% | 8.6% | 6.0% | 5.5% | 5.8% | 6.8% | 6.7% | 6.4% | 6.2% | 5.8% | 6.2% |

KHS9/29/2020
Management Use Only

KHS Board of Directors Meeting, October 15, 2020

| KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH AUGUST 31, 2020 | | | | | | | | | | | | | | |
|---|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|---------------|---------------|---------------|---------------|--------------|----------------|-------------------|
| | AUGUST 2019 | SEPTEMBER 2019 | OCTOBER 2019 | NOVEMBER 2019 | DECEMBER 2019 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | AUGUST 2020 | 13 MONTH TOTAL |
| ENROLLMENT | | | | | | | | | | | | | | |
| Members - MCAL | 249,466 | 251,277 | 251,039 | 250,459 | 249,381 | 248,640 | 250,007 | 251,552 | 252,950 | 256,134 | 259,592 | 261,732 | 264,749 | 3,296,978 |
| REVENUES | | | | | | | | | | | | | | |
| Title XIX - Medicaid - Family and Other | 157.80 | 157.10 | 157.23 | 199.08 | 162.50 | 162.42 | 161.68 | 163.16 | 157.08 | 158.57 | 169.56 | 165.45 | 166.87 | 178.17 |
| Title XIX - Medicaid - Expansion Members | 374.91 | 377.23 | 373.38 | 419.77 | 410.96 | 386.22 | 387.18 | 388.37 | 369.04 | 373.98 | 388.48 | 377.98 | 376.19 | 384.75 |
| Title XIX - Medicaid - SPD Members | 980.04 | 984.27 | 1,019.80 | 1,039.69 | 1,000.74 | 958.75 | 975.52 | 973.74 | 930.77 | 938.61 | 987.39 | 981.08 | 972.23 | 979.95 |
| Premium - MCO Tax | 49.38 | 40.52 | 40.08 | 46.35 | (209.68) | 0.00 | 64.63 | 30.16 | 31.29 | 30.90 | 30.91 | 31.47 | 31.48 | 17.00 |
| Premium - Hospital Directed Payments | 0.00 | 0.00 | 0.00 | 0.00 | 546.01 | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 34.42 | 62.47 |
| Investment Earnings And Other Income | 1.53 | 2.82 | 1.35 | 1.06 | 2.93 | 0.76 | 1.21 | 1.69 | 1.05 | 1.26 | 0.24 | 1.21 | 0.66 | 1.36 |
| Reinsurance Recoveries | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Rate Adjustments - Hospital Directed Payments | 0.00 | 249.66 | 0.00 | 0.00 | 406.58 | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | 0.02 | 34.07 |
| Rate/Income Adjustments | 1.32 | 0.41 | 1.27 | (0.01) | (1.57) | 3.30 | 3.24 | 2.45 | (17.91) | 1.74 | 1.84 | 0.52 | 1.10 | (0.18) |
| TOTAL REVENUES | 313.16 | 554.56 | 305.87 | 352.21 | 1,017.92 | 316.41 | 381.55 | 348.16 | 317.99 | 339.12 | 352.88 | 66.89 | 334.29 | 383.04 |
| EXPENSES | | | | | | | | | | | | | | |
| Medical Costs: | | | | | | | | | | | | | | |
| Physician Services | 54.18 | 49.64 | 52.92 | 57.48 | 62.38 | 59.35 | 55.49 | 57.05 | 49.10 | 48.53 | 45.48 | 51.04 | 49.12 | 53.15 |
| Other Professional Services | 15.13 | 15.57 | 17.86 | 14.36 | 17.53 | 17.43 | 15.87 | 16.00 | 15.45 | 13.62 | 13.04 | 16.89 | 17.94 | 15.90 |
| Emergency Room | 18.62 | 18.69 | 22.20 | 20.87 | 18.97 | 21.02 | 21.03 | 21.35 | 15.08 | 16.45 | 12.96 | 13.95 | 18.18 | 18.38 |
| Inpatient | 61.08 | 61.94 | 59.56 | 58.52 | 57.94 | 59.97 | 55.57 | 58.61 | 63.24 | 56.26 | 65.93 | 65.27 | 62.83 | 60.56 |
| Reinsurance Expense | 0.52 | 0.50 | 0.51 | 0.52 | 0.51 | 0.29 | 0.58 | (0.00) | 0.31 | 0.27 | 0.28 | 0.29 | 0.29 | 0.37 |
| Outpatient Hospital | 26.15 | 24.40 | 24.41 | 24.52 | 19.12 | 27.08 | 24.82 | 26.10 | 24.79 | 20.30 | 24.84 | 24.63 | 26.04 | 24.40 |
| Other Medical | 25.81 | 30.13 | 23.23 | 66.50 | 26.66 | 22.77 | 40.08 | 42.35 | 34.92 | 42.40 | 35.44 | 43.96 | 34.20 | 36.07 |
| Pharmacy | 37.43 | 36.40 | 39.18 | 37.06 | 37.16 | 40.10 | 36.98 | 40.99 | 34.27 | 33.64 | 32.03 | 33.55 | 34.68 | 36.38 |
| Pay for Performance Quality Incentive | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.02 | 1.98 | 2.00 | 2.00 | 2.00 | 2.00 |
| Risk Corridor Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.11 | (7.64) | 0.00 | 0.82 |
| Hospital Directed Payments | 0.00 | 0.00 | 0.00 | 0.00 | 546.01 | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 34.42 | 62.47 |
| Hospital Directed Payment Adjustment | 0.00 | 249.15 | 0.00 | 0.00 | 405.62 | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | (0.88) | 33.89 |
| Non-Claims Expense Adjustment | 0.05 | 0.05 | (0.02) | (0.07) | 0.02 | 0.23 | 0.93 | (6.30) | 0.01 | 0.66 | (1.25) | (0.09) | (0.00) | (0.45) |
| IBNR, Incentive, Paid Claims Adjustment | 0.81 | 1.49 | 0.08 | (0.16) | (1.04) | 0.00 | (0.03) | (10.53) | (17.57) | 0.05 | (1.64) | 1.32 | (0.46) | (2.12) |
| Total Medical Costs | 241.79 | 489.96 | 241.92 | 281.60 | 1,192.88 | 296.10 | 299.13 | 293.50 | 267.65 | 279.64 | 293.97 | 12.34 | 278.36 | 341.82 |
| GROSS MARGIN | 71.38 | 64.61 | 63.94 | 70.61 | (174.96) | 20.32 | 82.43 | 54.66 | 50.34 | 59.47 | 58.91 | 54.55 | 55.93 | 41.23 |
| Administrative: | | | | | | | | | | | | | | |
| Compensation | 9.04 | 9.33 | 10.00 | 9.60 | 10.38 | 10.37 | 9.63 | 9.73 | 10.59 | 9.28 | 10.92 | 10.44 | 9.81 | 9.93 |
| Purchased Services | 2.43 | 3.33 | 3.31 | 3.21 | 5.45 | 3.24 | 3.34 | 2.98 | 3.68 | 3.67 | 4.99 | 3.29 | 3.10 | 3.54 |
| Supplies | 0.20 | 0.30 | 0.81 | 0.23 | (0.03) | 0.14 | 0.17 | 0.40 | 0.24 | 0.08 | 0.11 | 0.27 | 0.24 | 0.24 |
| Depreciation | 0.61 | 0.60 | 1.41 | 1.12 | 1.22 | 1.16 | 1.15 | 1.19 | 1.19 | 3.61 | 1.61 | 1.60 | 1.58 | 1.39 |
| Other Administrative Expenses | 1.96 | 2.08 | 2.07 | 1.08 | 1.38 | 1.42 | 0.73 | 1.54 | 0.61 | 0.87 | 0.74 | 0.92 | 0.96 | 1.25 |
| Administrative Expense Adjustment | 0.00 | 0.00 | 0.00 | 0.00 | 5.31 | 0.00 | 0.00 | 0.00 | 0.00 | (0.52) | 0.00 | 0.00 | 0.00 | 0.34 |
| Total Administrative Expenses | 14.23 | 15.65 | 17.61 | 15.24 | 23.72 | 16.33 | 15.01 | 15.84 | 16.31 | 17.51 | 17.56 | 16.51 | 15.69 | 16.71 |
| TOTAL EXPENSES | 256.02 | 505.61 | 259.53 | 296.84 | 1,216.60 | 312.43 | 314.14 | 309.34 | 283.96 | 297.16 | 311.53 | 28.85 | 294.05 | 358.53 |
| OPERATING INCOME (LOSS) BEFORE TAX | 57.14 | 48.96 | 46.34 | 55.37 | (198.68) | 3.99 | 67.41 | 38.82 | 34.03 | 41.96 | 41.35 | 38.04 | 40.24 | 24.51 |
| MCO TAX | 49.22 | 40.45 | 40.06 | 49.04 | (212.37) | 0.00 | 64.63 | 30.16 | 31.29 | 30.90 | 30.49 | 34.02 | 33.64 | 17.33 |
| OPERATING INCOME (LOSS) NET OF TAX | 7.92 | 8.50 | 6.27 | 6.32 | 13.69 | 3.99 | 2.78 | 8.66 | 2.73 | 11.05 | 10.86 | 4.02 | 6.60 | 7.19 |
| TOTAL NONOPERATING REVENUE (EXPENSE) | (0.61) | (1.51) | (0.94) | (3.54) | (1.71) | (3.79) | (2.28) | (4.28) | 1.68 | (2.29) | (1.85) | 1.77 | (2.60) | (1.47) |
| NET INCREASE (DECREASE) IN NET POSITION | 7.31 | 6.99 | 5.33 | 2.79 | 11.98 | 0.20 | 0.50 | 4.38 | 4.41 | 8.76 | 9.01 | 5.78 | 4.01 | 5.72 |
| MEDICAL LOSS RATIO | 91.7% | 91.1% | 91.0% | 92.1% | 87.7% | 92.5% | 93.4% | 91.0% | 92.1% | 89.1% | 89.8% | 91.4% | 91.2% | 91.1% |
| ADMINISTRATIVE EXPENSE RATIO | 5.4% | 5.9% | 6.6% | 5.0% | 8.6% | 6.0% | 5.5% | 5.8% | 6.8% | 6.7% | 6.4% | 6.2% | 5.8% | 6.2% |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED AUGUST 31, 2020 | YEAR-TO-DATE | | |
|--|------------|-----------|--|--------------|-------------|-------------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| REVENUES | | | | | | |
| Title XIX - Medicaid - Family & Other | | | | | | |
| 23,528,681 | 22,263,732 | 1,264,949 | Premium - Medi-Cal | 180,021,402 | 177,293,824 | 2,727,578 |
| 2,635,012 | 2,375,503 | 259,509 | Premium - Maternity Kick | 18,439,643 | 19,004,024 | (564,381) |
| 94,152 | 73,479 | 20,673 | Premium - Hep C Kick | 536,141 | 583,002 | (46,861) |
| 443,721 | 601,984 | (158,263) | Premium - BHT Kick | 2,990,184 | 4,776,312 | (1,786,128) |
| 178,310 | 315,935 | (137,625) | Premium - Health Home Kick | 1,442,718 | 2,506,716 | (1,063,998) |
| 3,401,122 | 1,712,875 | 1,688,247 | Premium - Provider Enhancement | 26,175,608 | 13,589,900 | 12,585,708 |
| 166,387 | 157,609 | 8,778 | Premium - Ground Emergency Medical Transportation | 1,275,530 | 1,254,260 | 21,270 |
| 100,775 | 94,167 | 6,608 | Other | 761,928 | 752,328 | 9,600 |
| 30,548,160 | 27,595,284 | 2,952,876 | Total Title XIX - Medicaid - Family & Other | 231,643,154 | 219,760,366 | 11,882,788 |
| Title XIX - Medicaid - Expansion Members | | | | | | |
| 22,695,511 | 21,183,611 | 1,511,900 | Premium - Medi-Cal | 171,888,232 | 169,468,888 | 2,419,344 |
| 142,433 | 214,189 | (71,756) | Premium - Maternity Kick | 2,026,434 | 1,713,512 | 312,922 |
| 167,381 | 303,377 | (135,996) | Premium - Hep C Kick | 1,924,876 | 2,427,016 | (502,140) |
| 313,337 | 519,998 | (206,661) | Premium - Health Home Kick | 2,895,557 | 4,159,984 | (1,264,427) |
| 1,330,809 | 742,244 | 588,566 | Premium - Provider Enhancement | 10,088,029 | 5,937,950 | 4,150,080 |
| 167,831 | 152,964 | 14,867 | Premium - Ground Emergency Medical Transportation | 1,272,039 | 1,223,712 | 48,327 |
| 30,792 | 29,126 | 1,666 | Other | 232,810 | 233,008 | (198) |
| 24,848,094 | 23,145,509 | 1,702,585 | Total Title XIX - Medicaid - Expansion Members | 190,327,977 | 185,164,070 | 5,163,907 |
| Title XIX - Medicaid - SPD Members | | | | | | |
| 13,623,477 | 13,148,587 | 474,890 | Premium - Medi-Cal | 108,486,187 | 105,188,696 | 3,297,491 |
| 94,151 | 94,152 | (1) | Premium - Hep C Kick | 925,823 | 753,216 | 172,607 |
| 544,804 | 818,847 | (274,043) | Premium - BHT Kick | 4,245,316 | 6,550,776 | (2,305,460) |
| 332,008 | 416,635 | (84,627) | Premium - Health Home Kick | 2,860,763 | 3,333,080 | (472,317) |
| 459,337 | 282,521 | 176,816 | Premium - Provider Enhancement | 3,663,597 | 2,268,168 | 1,395,429 |
| 138,245 | 123,879 | 14,366 | Premium - Ground Emergency Medical Transportation | 1,100,807 | 991,032 | 109,775 |
| 15,192,022 | 14,884,621 | 307,401 | Total Title XIX - Medicaid - SPD Members | 121,282,493 | 119,084,968 | 2,197,525 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED AUGUST 31, 2020 | YEAR-TO-DATE | | |
|---------------|------------|-------------|---|---------------------|--------------------|---------------------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| | | | PHYSICIAN SERVICES | | | |
| 2,346,613 | 2,881,425 | 534,812 | Primary Care Physician Services | 21,919,166 | 22,928,248 | 1,009,082 |
| 8,964,433 | 10,101,695 | 1,137,262 | Referral Specialty Services | 73,412,198 | 80,532,092 | 7,119,894 |
| 1,683,928 | 1,431,311 | (252,617) | Urgent Care & After Hours Advise | 10,594,807 | 11,383,786 | 788,979 |
| 9,300 | 9,300 | - | Hospital Admitting Team | 73,200 | 73,200 | - |
| 13,004,274 | 14,423,731 | 1,419,457 | TOTAL PHYSICIAN SERVICES | 105,999,371 | 114,917,325 | 8,917,954 |
| | | | OTHER PROFESSIONAL SERVICES | | | |
| 276,202 | 271,362 | (4,840) | Vision Service Capitation | 2,166,692 | 2,163,649 | (3,043) |
| 209,784 | 212,779 | 2,995 | 221 - Business Intelligence | 1,687,451 | 1,702,232 | 14,781 |
| 568,977 | 560,325 | (8,652) | 310 - Health Services - Utilization Management - UM Allocation * | 4,485,872 | 4,430,661 | (55,211) |
| 142,027 | 169,504 | 27,477 | 311 - Health Services - Quality Improvement - UM Allocation * | 1,161,526 | 1,356,028 | 194,502 |
| 112,888 | 127,991 | 15,103 | 312 - Health Services - Education - UM Allocation * | 915,434 | 1,023,924 | 108,490 |
| 83,460 | 94,630 | 11,170 | 313 - Health Services - Pharmacy - UM Allocation * | 675,041 | 757,043 | 82,002 |
| 99,352 | 139,493 | 40,141 | 314 - Health Homes - UM Allocation * | 827,527 | 1,071,522 | 243,995 |
| 254,766 | 258,856 | 4,090 | 315 - Case Management - UM Allocation * | 2,116,335 | 2,070,850 | (45,485) |
| 58,838 | 61,775 | 2,937 | 616 - Disease Management - UM Allocation * | 477,561 | 494,198 | 16,637 |
| 1,118,480 | 1,420,831 | 302,351 | Behavior Health Treatment | 7,746,836 | 11,328,452 | 3,581,616 |
| 226,649 | 171,052 | (55,597) | Mental Health Services | 1,131,020 | 1,365,143 | 234,123 |
| 1,597,588 | 1,158,442 | (439,146) | Other Professional Services | 8,888,934 | 9,238,960 | 350,026 |
| 4,749,011 | 4,647,041 | (101,970) | TOTAL OTHER PROFESSIONAL SERVICES | 32,280,229 | 37,002,663 | 4,722,434 |
| 4,813,363 | 5,173,468 | 360,105 | EMERGENCY ROOM | 35,710,483 | 41,184,660 | 5,474,177 |
| 16,635,497 | 13,541,731 | (3,093,766) | INPATIENT HOSPITAL | 124,788,948 | 107,976,661 | (16,812,287) |
| 76,284 | 73,174 | (3,110) | REINSURANCE EXPENSE PREMIUM | 588,025 | 582,146 | (5,879) |
| 6,894,371 | 6,566,329 | (328,042) | OUTPATIENT HOSPITAL SERVICES | 50,764,011 | 52,381,776 | 1,617,765 |
| | | | OTHER MEDICAL | | | |
| 1,632,473 | 1,550,238 | (82,235) | Ambulance and NEMT | 9,962,756 | 12,359,394 | 2,396,638 |
| 899,406 | 390,086 | (509,320) | Home Health Services & CBAS | 3,326,941 | 3,113,137 | (213,804) |
| 192,375 | 511,868 | 319,493 | Utilization and Quality Review Expenses | 1,839,038 | 3,977,624 | 2,138,586 |
| 1,090,186 | 940,231 | (149,955) | Long Term/SNF/Hospice | 10,345,934 | 7,510,602 | (2,835,332) |
| 318,405 | 484,493 | 166,088 | Health Home Capitation & Incentive | 1,807,060 | 3,868,190 | 2,061,130 |
| 3,659,026 | 2,737,807 | (921,219) | Provider Enhancement Expense - Prop. 56 | 37,530,824 | 21,790,366 | (15,740,458) |
| 445,212 | 434,452 | (10,760) | Provider Enhancement Expense - GEMT | 3,358,816 | 3,469,004 | 110,188 |
| 818,360 | - | (818,360) | Provider COVID-19 Expenses | 7,617,230 | - | (7,617,230) |
| 9,055,443 | 7,049,175 | (2,006,268) | TOTAL OTHER MEDICAL | 75,788,599 | 56,088,318 | (19,700,281) |
| | | | PHARMACY SERVICES | | | |
| 8,168,036 | 8,718,075 | 550,039 | RX - Drugs & OTC | 66,637,437 | 69,563,255 | 2,925,818 |
| 286,767 | 471,007 | 184,240 | RX - HEP-C | 2,639,051 | 3,763,396 | 1,124,345 |
| 860,866 | 690,827 | (170,039) | Rx - DME | 4,835,908 | 5,512,606 | 676,698 |
| (135,000) | (145,874) | (10,874) | RX - Pharmacy Rebates | (1,023,879) | (1,166,232) | (142,353) |
| 9,180,669 | 9,734,035 | 553,366 | TOTAL PHARMACY SERVICES | 73,088,517 | 77,673,025 | 4,584,508 |
| 529,498 | 504,650 | (24,848) | PAY FOR PERFORMANCE QUALITY INCENTIVE | 4,090,712 | 4,014,800 | (75,912) |
| - | - | - | RISK CORRIDOR EXPENSE | 2,700,000 | - | (2,700,000) |
| 9,112,870 | 11,096,744 | 1,983,874 | HOSPITAL DIRECTED PAYMENTS | 69,794,490 | 88,654,003 | 18,859,513 |
| (233,958) | - | 233,958 | HOSPITAL DIRECTED PAYMENT ADJUSTMENT | (52,025,217) | - | 52,025,217 |
| (157) | - | 157 | NON-CLAIMS EXPENSE ADJUSTMENT | (1,473,823) | - | 1,473,823 |
| (120,764) | - | 120,764 | IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (7,293,122) | - | 7,293,122 |
| 73,696,401 | 72,810,078 | (886,323) | Total Medical Costs | 514,801,223 | 580,475,378 | 65,674,155 |

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Management Use Only

* Medical costs per DMHC regulations

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| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED AUGUST 31, 2020 | YEAR-TO-DATE | | |
|------------------------------------|--------|----------|--|--------------|--------|----------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| PHYSICIAN SERVICES | | | | | | |
| 8.86 | 11.42 | 2.56 | Primary Care Physician Services | 10.72 | 11.42 | 0.71 |
| 33.86 | 40.03 | 6.17 | Referral Specialty Services | 35.89 | 40.12 | 4.23 |
| 6.36 | 5.67 | (0.69) | Urgent Care & After Hours Advise | 5.18 | 5.67 | 0.49 |
| 0.04 | 0.04 | 0.00 | Hospital Admitting Team | 0.04 | 0.04 | 0.00 |
| 49.12 | 57.16 | 8.04 | TOTAL PHYSICIAN SERVICES | 51.82 | 57.25 | 5.42 |
| OTHER PROFESSIONAL SERVICES | | | | | | |
| 1.04 | 1.08 | 0.03 | Vision Service Capitation | 1.06 | 1.08 | 0.02 |
| 0.79 | 0.84 | 0.05 | 221 - Business Intelligence | 0.83 | 0.85 | 0.02 |
| 2.15 | 2.22 | 0.07 | 310 - Health Services - Utilization Management - UM Allocation * | 2.19 | 2.21 | 0.01 |
| 0.54 | 0.67 | 0.14 | 311 - Health Services - Quality Improvement - UM Allocation * | 0.57 | 0.68 | 0.11 |
| 0.43 | 0.51 | 0.08 | 312 - Health Services - Education - UM Allocation * | 0.45 | 0.51 | 0.06 |
| 0.32 | 0.38 | 0.06 | 313 - Health Services - Pharmacy - UM Allocation * | 0.33 | 0.38 | 0.05 |
| 0.38 | 0.55 | 0.18 | 314 - Health Homes - UM Allocation * | 0.40 | 0.53 | 0.13 |
| 0.96 | 1.03 | 0.06 | 315 - Case Management - UM Allocation * | 1.03 | 1.03 | (0.00) |
| 0.22 | 0.24 | 0.02 | 616 - Disease Management - UM Allocation * | 0.23 | 0.25 | 0.01 |
| 4.22 | 5.63 | 1.41 | Behavior Health Treatment | 3.79 | 5.64 | 1.86 |
| 0.86 | 0.68 | (0.18) | Mental Health Services | 0.55 | 0.68 | 0.13 |
| 6.03 | 4.59 | (1.44) | Other Professional Services | 4.35 | 4.60 | 0.26 |
| 17.94 | 18.42 | 0.48 | TOTAL OTHER PROFESSIONAL SERVICES | 15.78 | 18.43 | 2.65 |
| 18.18 | 20.50 | 2.32 | EMERGENCY ROOM | 17.46 | 20.52 | 3.06 |
| 62.83 | 53.67 | (9.17) | INPATIENT HOSPITAL | 61.01 | 53.79 | (7.22) |
| 0.29 | 0.29 | 0.00 | REINSURANCE EXPENSE PREMIUM | 0.29 | 0.29 | 0.00 |
| 26.04 | 26.02 | (0.02) | OUTPATIENT HOSPITAL SERVICES | 24.82 | 26.09 | 1.28 |
| OTHER MEDICAL | | | | | | |
| 6.17 | 6.14 | (0.02) | Ambulance and NEMT | 4.87 | 6.16 | 1.29 |
| 3.40 | 1.55 | (1.85) | Home Health Services & CBAS | 1.63 | 1.55 | (0.08) |
| 0.73 | 2.03 | 1.30 | Utilization and Quality Review Expenses | 0.90 | 1.98 | 1.08 |
| 4.12 | 3.73 | (0.39) | Long Term/SNF/Hospice | 5.06 | 3.74 | (1.32) |
| 1.20 | 1.92 | 0.72 | Health Home Capitation & Incentive | 0.88 | 1.93 | 1.04 |
| 13.82 | 10.85 | (2.97) | Provider Enhancement Expense - Prop. 56 | 18.35 | 10.86 | (7.49) |
| 1.68 | 1.72 | 0.04 | Provider Enhancement Expense - GEMT | 1.64 | 1.73 | 0.09 |
| 3.09 | 0.00 | (3.09) | Provider COVID-19 Expenses | 3.72 | 0.00 | (3.72) |
| 34.20 | 27.94 | (6.27) | TOTAL OTHER MEDICAL | 37.05 | 27.94 | (9.11) |
| PHARMACY SERVICES | | | | | | |
| 30.85 | 34.55 | 3.70 | RX - Drugs & OTC | 32.58 | 34.65 | 2.07 |
| 1.08 | 1.87 | 0.78 | RX - HEP-C | 1.29 | 1.87 | 0.58 |
| 3.25 | 2.74 | (0.51) | Rx - DME | 2.36 | 2.75 | 0.38 |
| (0.51) | (0.58) | (0.07) | RX - Pharmacy Rebates | (0.50) | (0.58) | (0.08) |
| 34.68 | 38.58 | 3.90 | TOTAL PHARMACY SERVICES | 35.73 | 38.69 | 2.96 |
| 2.00 | 2.00 | 0.00 | PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.00 | 2.00 | 0.00 |
| 0.00 | 0.00 | 0.00 | RISK CORRIDOR EXPENSE | 1.32 | 0.00 | (1.32) |
| 34.42 | 43.98 | 9.56 | HOSPITAL DIRECTED PAYMENTS | 34.12 | 44.16 | 10.04 |
| (0.88) | 0.00 | 0.88 | HOSPITAL DIRECTED PAYMENT ADJUSTMENT | (25.44) | 0.00 | 25.44 |
| (0.00) | 0.00 | 0.00 | NON-CLAIMS EXPENSE ADJUSTMENT | (0.72) | 0.00 | 0.72 |
| (0.46) | 0.00 | 0.46 | IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | (3.57) | 0.00 | 3.57 |
| 278.36 | 288.50 | 10.19 | Total Medical Costs | 251.69 | 289.17 | 37.48 |

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Management Use Only

* Medical costs per DMHC regulations

KHS Board of Directors Meeting, October 15, 2020

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH AUGUST 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | AUGUST 2020 | YEAR TO DATE 2020 |
|--|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | | |
| Primary Care Physician Services | 2,908,272 | 3,164,601 | 2,861,899 | 2,953,514 | 2,417,265 | 2,336,317 | 2,930,685 | 2,346,613 | 21,919,166 |
| Referral Specialty Services | 10,425,085 | 8,803,273 | 10,044,984 | 8,437,260 | 8,955,919 | 8,510,414 | 9,270,830 | 8,964,433 | 73,412,198 |
| Urgent Care & After Hours Advise | 1,414,889 | 1,896,664 | 1,435,097 | 1,019,114 | 1,047,424 | 950,870 | 1,146,821 | 1,683,928 | 10,594,807 |
| Hospital Admitting Team | 9,300 | 8,700 | 9,300 | 9,000 | 9,300 | 9,000 | 9,300 | 9,300 | 73,200 |
| TOTAL PHYSICIAN SERVICES | 14,757,546 | 13,873,238 | 14,351,280 | 12,418,888 | 12,429,908 | 11,806,601 | 13,357,636 | 13,004,274 | 105,999,371 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | | |
| Vision Service Capitation | 299,489 | 261,072 | 261,072 | 263,942 | 267,033 | 265,598 | 272,284 | 276,202 | 2,166,692 |
| 221 - Business Intelligence | 199,939 | 204,745 | 195,081 | 233,961 | 195,184 | 234,246 | 214,511 | 209,784 | 1,687,451 |
| 310 - Health Services - Utilization Management - UM Allocation * | 550,905 | 482,617 | 507,782 | 619,537 | 541,633 | 584,598 | 629,823 | 568,977 | 4,485,872 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 130,719 | 131,973 | 135,845 | 172,419 | 144,487 | 144,162 | 159,894 | 142,027 | 1,161,526 |
| 312 - Health Services - Education - UM Allocation * | 111,799 | 102,037 | 108,402 | 122,087 | 114,199 | 123,705 | 120,317 | 112,888 | 915,434 |
| 313 - Health Services - Pharmacy - UM Allocation * | 88,153 | 80,696 | 81,505 | 86,248 | 76,014 | 89,969 | 88,996 | 83,460 | 675,041 |
| 314 - Health Homes - UM Allocation * | 91,425 | 88,868 | 104,710 | 127,755 | 101,323 | 104,978 | 109,116 | 99,352 | 827,527 |
| 315 - Case Management - UM Allocation * | 267,758 | 241,370 | 244,642 | 304,832 | 251,817 | 270,106 | 281,044 | 254,766 | 2,116,335 |
| 616 - Disease Management - UM Allocation * | 56,335 | 54,217 | 57,384 | 69,536 | 56,199 | 58,667 | 66,395 | 58,838 | 477,561 |
| Behavior Health Treatment | 980,035 | 935,456 | 999,720 | 1,194,682 | 670,273 | 685,282 | 1,118,480 | 1,162,908 | 7,746,836 |
| Mental Health Services | 330,842 | 217,343 | 131,506 | 4,228 | 112,306 | 55,987 | 52,159 | 226,649 | 1,131,020 |
| Other Professional Services | 1,227,554 | 1,166,121 | 1,197,113 | 709,542 | 958,940 | 767,836 | 1,264,240 | 1,597,588 | 8,888,934 |
| TOTAL OTHER PROFESSIONAL SERVICES | 4,334,953 | 3,966,515 | 4,024,762 | 3,908,759 | 3,489,408 | 3,385,134 | 4,421,687 | 4,749,011 | 32,280,229 |
| EMERGENCY ROOM | 5,226,947 | 5,258,084 | 5,370,795 | 3,813,875 | 4,212,272 | 3,363,172 | 3,651,975 | 4,813,363 | 35,710,483 |
| INPATIENT HOSPITAL | 14,911,677 | 13,893,706 | 14,743,904 | 15,995,368 | 14,410,696 | 17,115,732 | 17,082,368 | 16,635,497 | 124,788,948 |
| REINSURANCE EXPENSE PREMIUM | 72,320 | 144,425 | (213) | 77,341 | 69,310 | 73,356 | 75,202 | 76,284 | 588,025 |
| OUTPATIENT HOSPITAL SERVICES | 6,734,395 | 6,204,610 | 6,566,090 | 6,270,816 | 5,199,240 | 6,447,664 | 6,446,825 | 6,894,371 | 50,764,011 |
| OTHER MEDICAL | | | | | | | | | |
| Ambulance and NEMT | 1,599,375 | 1,498,607 | 1,444,299 | 670,262 | 1,090,342 | 366,750 | 1,660,648 | 1,632,473 | 9,962,756 |
| Home Health Services & CBAS | 392,407 | 393,491 | 349,594 | 300,546 | 492,779 | 171,601 | 327,117 | 899,406 | 3,326,941 |
| Utilization and Quality Review Expenses | 308,250 | 229,353 | 247,983 | 245,426 | 95,995 | 243,906 | 275,750 | 192,375 | 1,839,038 |
| Long Term/SNF/Hospice | 1,052,766 | 1,197,702 | 1,539,187 | 1,549,960 | 1,452,690 | 697,808 | 1,765,635 | 1,090,186 | 10,345,934 |
| Health Home Capitation & Incentive | 166,060 | 137,300 | 112,910 | 263,565 | 330,205 | 249,665 | 228,950 | 318,405 | 1,807,060 |
| Provider Enhancement Expense - Prop. 56 | 1,820,309 | 5,971,496 | 6,564,136 | 4,841,254 | 4,373,154 | 5,297,431 | 5,004,018 | 3,659,026 | 37,530,824 |
| Provider Enhancement Expense - GEMT | 322,617 | 593,064 | 395,321 | 399,960 | 258,923 | 425,341 | 518,378 | 445,212 | 3,358,816 |
| Provider COVID-19 Expenses | - | - | - | 561,100 | 2,766,220 | 1,747,240 | 1,724,310 | 818,360 | 7,617,230 |
| TOTAL OTHER MEDICAL | 5,661,784 | 10,021,013 | 10,653,430 | 8,832,073 | 10,860,308 | 9,199,742 | 11,504,806 | 9,055,443 | 75,788,599 |
| PHARMACY SERVICES | | | | | | | | | |
| RX - Drugs & OTC | 9,137,997 | 8,470,785 | 9,200,496 | 7,803,679 | 7,771,494 | 7,983,954 | 8,100,996 | 8,168,036 | 66,637,437 |
| RX - HEP-C | 271,776 | 331,788 | 470,380 | 364,602 | 292,610 | 298,687 | 322,441 | 286,767 | 2,639,051 |
| Rx - DME | 696,914 | 578,635 | 675,997 | 634,644 | 687,187 | 109,695 | 591,970 | 860,866 | 4,835,908 |
| RX - Pharmacy Rebates | (135,000) | (135,000) | (35,000) | (135,000) | (135,000) | (78,879) | (235,000) | (135,000) | (1,023,879) |
| TOTAL PHARMACY SERVICES | 9,971,687 | 9,246,208 | 10,311,873 | 8,667,925 | 8,616,291 | 8,313,457 | 8,780,407 | 9,180,669 | 73,088,517 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 497,280 | 500,014 | 503,104 | 509,814 | 508,354 | 519,184 | 523,464 | 529,498 | 4,090,712 |
| RISK CORRIDOR EXPENSE | - | - | - | - | - | 4,700,000 | (2,000,000) | - | 2,700,000 |
| HOSPITAL DIRECTED PAYMENTS | 11,276,584 | 11,391,396 | 11,495,457 | 11,614,664 | 11,614,663 | 12,149,677 | (8,860,821) | 9,112,870 | 69,794,490 |
| HOSPITAL DIRECTED PAYMENT ADJUSTMENT | 118,333 | 60,959 | 42,436 | 36,523 | 36,524 | (10,733) | (52,075,301) | (233,958) | (52,025,217) |
| NON-CLAIMS EXPENSE ADJUSTMENT | 57,172 | 232,393 | (1,583,770) | 1,420 | 167,936 | (325,027) | (23,790) | (157) | (1,473,823) |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | 816 | (8,559) | (2,649,204) | (4,444,586) | 11,543 | (426,819) | 344,451 | (120,764) | (7,293,122) |
| Total Medical Costs | 73,621,494 | 74,784,002 | 73,829,944 | 67,702,880 | 71,626,453 | 76,311,140 | 3,228,909 | 73,696,401 | 514,801,223 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH AUGUST 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | AUGUST 2020 | YEAR TO DATE 2020 |
|---|-----------------|------------------|---------------|---------------|---------------|---------------|--------------|----------------|-------------------------|
| PHYSICIAN SERVICES | | | | | | | | | |
| Primary Care Physician Services | 11.70 | 12.66 | 11.38 | 11.68 | 9.44 | 9.00 | 11.20 | 8.86 | 10.72 |
| Referral Specialty Services | 41.93 | 35.21 | 39.93 | 33.36 | 34.97 | 32.78 | 35.42 | 33.86 | 35.89 |
| Urgent Care & After Hours Advise | 5.69 | 7.59 | 5.70 | 4.03 | 4.09 | 3.66 | 4.38 | 6.36 | 5.18 |
| Hospital Admitting Team | 0.04 | 0.03 | 0.04 | 0.04 | 0.04 | 0.03 | 0.04 | 0.04 | 0.04 |
| TOTAL PHYSICIAN SERVICES | 59.35 | 55.49 | 57.05 | 49.10 | 48.53 | 45.48 | 51.04 | 49.12 | 51.82 |
| OTHER PROFESSIONAL SERVICES | | | | | | | | | |
| Vision Service Capitation | 1.20 | 1.04 | 1.04 | 1.04 | 1.04 | 1.02 | 1.04 | 1.04 | 1.06 |
| 221 - Business Intelligence | 0.80 | 0.82 | 0.78 | 0.92 | 0.76 | 0.90 | 0.82 | 0.79 | 0.83 |
| 310 - Health Services - Utilization Management - UM Allocation * | 2.22 | 1.93 | 2.02 | 2.45 | 2.11 | 2.25 | 2.41 | 2.15 | 2.19 |
| 311 - Health Services - Quality Improvement - UM Allocation * | 0.53 | 0.53 | 0.54 | 0.68 | 0.56 | 0.56 | 0.61 | 0.54 | 0.57 |
| 312 - Health Services - Education - UM Allocation * | 0.45 | 0.41 | 0.43 | 0.48 | 0.45 | 0.48 | 0.46 | 0.43 | 0.45 |
| 313 - Health Services - Pharmacy - UM Allocation * | 0.35 | 0.32 | 0.32 | 0.34 | 0.30 | 0.35 | 0.34 | 0.32 | 0.33 |
| 314 - Health Homes - UM Allocation * | 0.37 | 0.36 | 0.42 | 0.51 | 0.40 | 0.40 | 0.42 | 0.38 | 0.40 |
| 315 - Case Management - UM Allocation * | 1.08 | 0.97 | 0.97 | 1.21 | 0.98 | 1.04 | 1.07 | 0.96 | 1.03 |
| 616 - Disease Management - UM Allocation * | 0.23 | 0.22 | 0.23 | 0.27 | 0.22 | 0.23 | 0.25 | 0.23 | 0.23 |
| Behavior Health Treatment | 3.94 | 3.74 | 3.97 | 4.72 | 2.62 | 2.64 | 4.44 | 4.22 | 3.79 |
| Mental Health Services | 1.33 | 0.87 | 0.52 | 0.02 | 0.44 | 0.22 | 0.20 | 0.86 | 0.55 |
| Other Professional Services | 4.94 | 4.66 | 4.76 | 2.81 | 3.74 | 2.96 | 4.83 | 6.03 | 4.35 |
| TOTAL OTHER PROFESSIONAL SERVICES | 17.43 | 15.87 | 16.00 | 15.45 | 13.62 | 13.04 | 16.89 | 17.94 | 15.78 |
| EMERGENCY ROOM | 21.02 | 21.03 | 21.35 | 15.08 | 16.45 | 12.96 | 13.95 | 18.18 | 17.46 |
| INPATIENT HOSPITAL | 59.97 | 55.57 | 58.61 | 63.24 | 56.26 | 65.93 | 65.27 | 62.83 | 61.01 |
| REINSURANCE EXPENSE PREMIUM | 0.29 | 0.58 | 0.00 | 0.31 | 0.27 | 0.28 | 0.29 | 0.29 | 0.29 |
| OUTPATIENT HOSPITAL SERVICES | 27.08 | 24.82 | 26.10 | 24.79 | 20.30 | 24.84 | 24.63 | 26.04 | 24.82 |
| OTHER MEDICAL | | | | | | | | | |
| Ambulance and NEMT | 6.43 | 5.99 | 5.74 | 2.65 | 4.26 | 1.41 | 6.34 | 6.17 | 4.87 |
| Home Health Services & CBAS | 1.58 | 1.57 | 1.39 | 1.19 | 1.92 | 0.66 | 1.25 | 3.40 | 1.63 |
| Utilization and Quality Review Expenses | 1.24 | 0.92 | 0.99 | 0.97 | 0.37 | 0.94 | 1.05 | 0.73 | 0.90 |
| Long Term/SNF/Hospice | 4.23 | 4.79 | 6.12 | 6.13 | 5.67 | 2.69 | 6.75 | 4.12 | 5.06 |
| Health Home Capitation & Incentive | 0.67 | 0.55 | 0.45 | 1.04 | 1.29 | 0.96 | 0.87 | 1.20 | 0.88 |
| Provider Enhancement Expense - Prop. 56 | 7.32 | 23.89 | 26.09 | 19.14 | 17.07 | 20.41 | 19.12 | 13.82 | 18.35 |
| Provider Enhancement Expense - GEMT | 1.30 | 2.37 | 1.57 | 1.58 | 1.01 | 1.64 | 1.98 | 1.68 | 1.64 |
| Provider COVID-19 Expenses | 0.00 | 0.00 | 0.00 | 2.22 | 10.80 | 6.73 | 6.59 | 3.09 | 3.72 |
| TOTAL OTHER MEDICAL | 22.77 | 40.08 | 42.35 | 34.92 | 42.40 | 35.44 | 43.96 | 34.20 | 37.05 |
| PHARMACY SERVICES | | | | | | | | | |
| RX - Drugs & OTC | 36.75 | 33.88 | 36.57 | 30.85 | 30.34 | 30.76 | 30.95 | 30.85 | 32.58 |
| RX - HEP-C | 1.09 | 1.33 | 1.87 | 1.44 | 1.14 | 1.15 | 1.23 | 1.08 | 1.29 |
| Rx - DME | 2.80 | 2.31 | 2.69 | 2.51 | 2.68 | 0.42 | 2.26 | 3.25 | 2.36 |
| RX - Pharmacy Rebates | (0.54) | (0.54) | (0.14) | (0.53) | (0.53) | (0.30) | (0.90) | (0.51) | (0.50) |
| TOTAL PHARMACY SERVICES | 40.10 | 36.98 | 40.99 | 34.27 | 33.64 | 32.03 | 33.55 | 34.68 | 35.73 |
| PAY FOR PERFORMANCE QUALITY INCENTIVE | 2.00 | 2.00 | 2.00 | 2.02 | 1.98 | 2.00 | 2.00 | 2.00 | 2.00 |
| RISK CORRIDOR EXPENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.11 | (7.64) | 0.00 | 1.32 |
| HOSPITAL DIRECTED PAYMENTS | 45.35 | 45.56 | 45.70 | 45.92 | 45.35 | 46.80 | (33.85) | 34.42 | 34.12 |
| HOSPITAL DIRECTED PAYMENT ADJUSTMENT | 0.48 | 0.24 | 0.17 | 0.14 | 0.14 | (0.04) | (198.96) | (0.88) | -25.44 |
| NON-CLAIMS EXPENSE ADJUSTMENT | 0.23 | 0.93 | (6.30) | 0.01 | 0.66 | (1.25) | (0.09) | (0.00) | (0.72) |
| IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT | 0.00 | (0.03) | (10.53) | (17.57) | 0.05 | (1.64) | 1.32 | (0.46) | (3.57) |
| Total Medical Costs | 296.10 | 299.13 | 293.50 | 267.65 | 279.64 | 293.97 | 12.34 | 278.36 | 251.69 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED AUGUST 31, 2020 | YEAR-TO-DATE | | |
|---------------|-----------|-----------|---|--------------|------------|-----------|
| ACTUAL | BUDGET | VARIANCE | | ACTUAL | BUDGET | VARIANCE |
| 346,343 | 333,252 | (13,091) | 110 - Executive | 2,715,776 | 2,591,065 | (124,712) |
| 181,448 | 198,810 | 17,362 | 210 - Accounting | 1,492,964 | 1,588,506 | 95,542 |
| 385,215 | 273,114 | (112,101) | 220 - Management Information Systems | 2,632,162 | 2,184,918 | (447,244) |
| 100 | 13,051 | 12,951 | 221 - Business Intelligence | 101,110 | 104,420 | 3,310 |
| 269,776 | 281,947 | 12,171 | 222 - Enterprise Development | 2,053,483 | 2,255,590 | 202,107 |
| 388,698 | 415,721 | 27,023 | 225 - Infrastructure | 2,841,013 | 3,325,781 | 484,768 |
| 529,257 | 558,269 | 29,012 | 230 - Claims | 4,206,162 | 4,464,644 | 258,482 |
| 107,034 | 114,151 | 7,117 | 240 - Project Management | 823,057 | 913,208 | 90,151 |
| 106,044 | 100,298 | (5,746) | 310 - Health Services - Utilization Management | 840,937 | 795,456 | (45,481) |
| 44,850 | 55,141 | 10,291 | 311 - Health Services - Quality Improvement | 337,782 | 440,929 | 103,147 |
| 102 | 67 | (35) | 312 - Health Services - Education | 223 | 833 | 610 |
| 129,761 | 141,883 | 12,122 | 313- Pharmacy | 1,093,520 | 1,140,886 | 47,366 |
| - | - | - | 314 - Health Homes | 803 | - | (803) |
| 16,261 | 16,573 | 312 | 315 - Case Management | 135,598 | 132,582 | (3,016) |
| 21,762 | 23,131 | 1,369 | 616 - Disease Management | 176,681 | 185,050 | 8,369 |
| 260,987 | 313,552 | 52,565 | 320 - Provider Network Management | 2,235,148 | 2,508,416 | 273,268 |
| 529,092 | 563,882 | 34,790 | 330 - Member Services | 4,179,054 | 4,511,040 | 331,986 |
| 599,825 | 530,116 | (69,709) | 340 - Corporate Services | 4,726,997 | 4,221,928 | (505,069) |
| 55,676 | 67,176 | 11,500 | 360 - Audit & Investigative Services | 574,994 | 537,408 | (37,586) |
| (17,205) | 54,315 | 71,520 | 410 - Advertising Media | 408,642 | 434,520 | 25,878 |
| 3,632 | 68,457 | 64,825 | 420 - Sales/Marketing/Public Relations | 351,793 | 547,656 | 195,863 |
| 195,087 | 220,076 | 24,989 | 510 - Human Resources | 1,728,910 | 1,796,040 | 67,130 |
| - | - | - | Budgeted Administrative Vacancy and Timing Factor | (212,229) | - | 212,229 |
| 4,153,745 | 4,342,981 | 189,236 | Total Administrative Expenses | 33,444,580 | 34,680,875 | 1,236,295 |

| KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED AUGUST 31, 2020 | JANUARY 2020 | FEBRUARY 2020 | MARCH 2020 | APRIL 2020 | MAY 2020 | JUNE 2020 | JULY 2020 | AUGUST 2020 | YEAR TO DATE 2020 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| 110 - Executive | 339,242 | 293,820 | 365,045 | 399,347 | 259,748 | 354,211 | 358,020 | 346,343 | 2,715,776 |
| 210 - Accounting | 173,904 | 178,919 | 174,836 | 183,136 | 174,058 | 229,239 | 197,424 | 181,448 | 1,492,964 |
| 220 - Management Information Systems (MIS) | 381,511 | 295,419 | 338,903 | 162,587 | 375,885 | 409,177 | 283,465 | 385,215 | 2,632,162 |
| 221 - Business Intelligence | - | 11,648 | 20,702 | 22,767 | 15,303 | 14,750 | 15,840 | 100 | 101,110 |
| 222 - Enterprise Development | 211,299 | 225,855 | 262,079 | 292,897 | 213,893 | 299,686 | 277,998 | 269,776 | 2,053,483 |
| 225 - Infrastructure | 359,015 | 241,507 | 308,323 | 274,546 | 428,168 | 431,419 | 409,337 | 388,698 | 2,841,013 |
| 230 - Claims | 556,280 | 498,960 | 493,312 | 543,105 | 485,601 | 547,271 | 552,376 | 529,257 | 4,206,162 |
| 240 - Project Management | 85,191 | 84,709 | 97,954 | 100,673 | 102,586 | 121,862 | 123,048 | 107,034 | 823,057 |
| 310 - Health Services - Utilization Management | 98,529 | 107,809 | 95,426 | 112,873 | 93,694 | 127,289 | 99,273 | 106,044 | 840,937 |
| 311 - Health Services - Quality Improvement | 10,824 | 41,860 | 43,027 | 54,448 | 45,627 | 46,653 | 50,493 | 44,850 | 337,782 |
| 312 - Health Services - Education | - | 60 | - | 61 | - | - | - | 102 | 223 |
| 313- Pharmacy | 156,947 | 147,980 | 148,599 | 141,729 | 123,386 | 126,485 | 118,633 | 129,761 | 1,093,520 |
| 314 - Health Homes | 222 | 15,046 | 98 | (14,707) | - | 76 | 68 | - | 803 |
| 315 - Case Management | 17,349 | 15,664 | 15,615 | 19,456 | 16,074 | 17,240 | 17,939 | 16,261 | 135,598 |
| 616 - Disease Management | 20,836 | 20,068 | 21,223 | 25,749 | 20,786 | 21,699 | 24,558 | 21,762 | 176,681 |
| 320 - Provider Network Management | 256,860 | 252,748 | 291,995 | 307,450 | 269,465 | 313,902 | 281,741 | 260,987 | 2,235,148 |
| 330 - Member Services | 530,714 | 484,954 | 496,790 | 563,492 | 484,348 | 547,629 | 542,035 | 529,092 | 4,179,054 |
| 340 - Corporate Services | 439,804 | 482,885 | 487,474 | 449,175 | 1,070,946 | 640,485 | 556,403 | 599,825 | 4,726,997 |
| 360 - Audit & Investigative Services | 81,923 | 83,979 | 59,288 | 87,154 | 60,510 | 76,957 | 69,507 | 55,676 | 574,994 |
| 410 - Advertising Media | 9,439 | 47,590 | 38,083 | 134,979 | 29,053 | 138,348 | 28,355 | (17,205) | 408,642 |
| 420 - Sales/Marketing/Public Relations | 44,020 | 35,104 | 43,800 | 36,382 | 55,996 | 54,859 | 78,000 | 3,632 | 351,793 |
| 510 - Human Resources | 285,952 | 186,648 | 181,915 | 228,494 | 160,954 | 252,332 | 237,528 | 195,087 | 1,728,910 |
| Total Department Expenses | 4,059,861 | 3,753,232 | 3,984,487 | 4,125,793 | 4,486,081 | 4,771,569 | 4,322,041 | 4,153,745 | 33,656,809 |
| ADMINISTRATIVE EXPENSE ADJUSTMENT | - | - | - | - | - | (212,229) | - | - | (212,229) |
| Total Administrative Expenses | 4,059,861 | 3,753,232 | 3,984,487 | 4,125,793 | 4,486,081 | 4,559,340 | 4,322,041 | 4,153,745 | 33,444,580 |

| KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF AUGUST 31, 2020 | | | |
|---|---------------------|---------------------|-----------------|
| ASSETS | AUGUST 2020 | JULY 2020 | INC(DEC) |
| CURRENT ASSETS: | | | |
| Cash and Cash Equivalents | \$ 1,131,326 | \$ 1,131,326 | - |
| Interest Receivable | 2,524 | 1,262 | 1,262 |
| Prepaid Expenses & Other Current Assets | - | - | - |
| TOTAL CURRENT ASSETS | \$ 1,133,850 | \$ 1,132,588 | \$ 1,262 |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES: | | | |
| Other Liabilities | - | - | - |
| TOTAL CURRENT LIABILITIES | \$ - | \$ - | \$ - |
| NET POSITION: | | | |
| Net Position- Beg. of Year | 1,128,885 | 1,128,885 | - |
| Increase (Decrease) in Net Position - Current Year | 4,965 | 3,703 | 1,262 |
| Total Net Position | \$ 1,133,850 | \$ 1,132,588 | \$ 1,262 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,133,850 | \$ 1,132,588 | \$ 1,262 |

| CURRENT MONTH | | | KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED AUGUST 31, 2020 | YEAR-TO-DATE | | |
|-----------------------|----|-------|--|--------------|-----------|----------------|
| | | | | | | |
| ENROLLMENT | | | | | | |
| - | - | - | Members | - | - | - |
| REVENUES | | | | | | |
| - | - | - | Premium | - | - | - |
| 1,262 | - | 1,262 | Interest | 11,926 | - | 11,926 |
| - | - | - | Other Investment Income | (1,961) | - | (1,961) |
| 1,262 | - | 1,262 | TOTAL REVENUES | 9,965 | - | 9,965 |
| EXPENSES | | | | | | |
| - | - | - | Medical Costs | - | - | - |
| - | - | - | IBNR and Paid Claims Adjustment | - | - | - |
| - | - | - | Total Medical Costs | - | - | - |
| 1,262 | - | 1,262 | GROSS MARGIN | 9,965 | - | 9,965 |
| Administrative | | | | | | |
| - | - | - | Management Fee Expense and Other Admin Exp | 5,000 | - | (5,000) |
| - | - | - | Total Administrative Expenses | 5,000 | - | (5,000) |
| - | - | - | TOTAL EXPENSES | 5,000 | - | (5,000) |
| 1,262 | - | 1,262 | OPERATING INCOME (LOSS) | 4,965 | - | 4,965 |
| - | - | - | TOTAL NONOPERATING REVENUE (EXPENSES) | - | - | - |
| 1,262 | - | 1,262 | NET INCREASE (DECREASE) IN NET POSITION | 4,965 | - | 4,965 |
| 0% | 0% | 0% | MEDICAL LOSS RATIO | 0% | 0% | 0% |
| 0% | 0% | 0% | ADMINISTRATIVE EXPENSE RATIO | 50% | 0% | -50% |

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

| | | 2020 MEMBER MONTHS | | | | | | | | | | | |
|-------------------------------------|------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|----------|----------|----------|
| | | JAN'20 | FEB'20 | MAR'20 | APR'20 | MAY'20 | JUN'20 | JUL'20 | AUG'20 | SEP'20 | OCT'20 | NOV'20 | DEC'20 |
| ADULT AND FAMILY | | | | | | | | | | | | | |
| ADULT | 363,201 | 43,519 | 43,767 | 44,480 | 44,402 | 45,381 | 46,558 | 47,144 | 47,950 | 0 | 0 | 0 | 0 |
| CHILD | 997,854 | 122,496 | 123,040 | 123,357 | 123,687 | 124,785 | 126,031 | 126,735 | 127,723 | 0 | 0 | 0 | 0 |
| SUB-TOTAL ADULT & FAMILY | 1,361,055 | 166,015 | 166,807 | 167,837 | 168,089 | 170,166 | 172,589 | 173,879 | 175,673 | 0 | 0 | 0 | 0 |
| OTHER MEMBERS | | | | | | | | | | | | | |
| BCCTP-TOBACCO SETTLEMENT | 217 | 26 | 28 | 26 | 25 | 27 | 27 | 28 | 30 | 0 | 0 | 0 | 0 |
| DUALS | | | | | | | | | | | | | |
| PARTIAL DUALS - FAMILY | 3,616 | 432 | 432 | 453 | 461 | 474 | 450 | 452 | 462 | 0 | 0 | 0 | 0 |
| PARTIAL DUALS - CHILD | 8 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| PARTIAL DUALS - BCCTP | 14 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 |
| SPD FULL DUALS | 55,082 | 6,599 | 6,759 | 6,911 | 6,923 | 6,983 | 6,941 | 6,945 | 7,021 | 0 | 0 | 0 | 0 |
| SUB-TOTAL DUALS | 58,720 | 7,033 | 7,193 | 7,367 | 7,387 | 7,460 | 7,394 | 7,400 | 7,486 | 0 | 0 | 0 | 0 |
| TOTAL FAMILY & OTHER | 1,419,992 | 173,074 | 174,028 | 175,230 | 175,501 | 177,653 | 180,010 | 181,307 | 183,189 | 0 | 0 | 0 | 0 |
| SPD | | | | | | | | | | | | | |
| SPD (AGED AND DISABLED) | 125,615 | 15,667 | 15,493 | 15,688 | 15,992 | 15,946 | 15,803 | 15,518 | 15,508 | 0 | 0 | 0 | 0 |
| MEDI-CAL EXPANSION | | | | | | | | | | | | | |
| ACA Expansion Adult-Citizen | 496,833 | 59,583 | 60,197 | 60,360 | 61,164 | 62,179 | 63,373 | 64,432 | 65,545 | 0 | 0 | 0 | 0 |
| ACA Expansion Duals | 2,916 | 316 | 289 | 274 | 293 | 356 | 406 | 475 | 507 | 0 | 0 | 0 | 0 |
| SUB-TOTAL MED-CAL EXPANSION | 499,749 | 59,899 | 60,486 | 60,634 | 61,457 | 62,535 | 63,779 | 64,907 | 66,052 | 0 | 0 | 0 | 0 |
| TOTAL KAISER | 75,578 | 8,992 | 9,125 | 9,169 | 9,262 | 9,475 | 9,594 | 9,823 | 10,138 | 0 | 0 | 0 | 0 |
| TOTAL MEDI-CAL MEMBERS | 2,120,934 | 257,632 | 259,132 | 260,721 | 262,212 | 265,609 | 269,186 | 271,555 | 274,887 | 0 | 0 | 0 | 0 |

KERN HEALTH SYSTEMS

July AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---|---------------|--------------|---|----------------------------------|
| T1045 | KAISER FOUNDATION HEALTH - HMO | 458,692.36 | 3,636,074.40 | AUGUST 2020 HMO EMPLOYEE HEALTH BENEFIT | VARIOUS |
| T1845 | DEPARTMENT OF MANAGED HEALTH CARE**** | 274,062.65 | 274,062.65 | 2020-2021 MCAL ANNUAL ASSESSMENT | ADMINISTRATION |
| T2686 | ALLIANT INSURANCE SERVICES INC. | 203,758.04 | 702,212.95 | 2020 -2021 EXCESS 1ST & 2ND LAYER, MANAGED CARE, FIDUCIARY, EXCESS CRIME, EXCESS CYBER 1ST & 2ND, & CRIME LIABILITY PREMIUM | ADMINISTRATION |
| T4959 | BERKSHIRE HATHWAY HOMESTATE COMPANIES**** | 202,480.00 | 202,528.00 | 2020-2021 WORKER'S COMPENSATION INSURANCE PREMIUM | ADMINISTRATION |
| T2488 | THE LINCOLN NATIONAL LIFE INSURANCE**** | 130,861.90 | 450,463.25 | JUNE & JULY 2020 VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T4350 | COMPUTER ENTERPRISE INC. | 123,552.08 | 1,320,278.43 | JUNE 2020 PROFESSIONAL SERVICES / CONSULTING SERVICES | CAPITAL PROJECTS IN PROCESS/ MIS |
| T4237 | FLUIDEDGE CONSULTING, INC. | 119,945.00 | 760,263.17 | JUNE & JULY 2020 PROFESSIONAL SERVICES/ CONSULTING SERVICES | VARIOUS |
| T2726 | DST PHARMACY SOLUTIONS, INC. | 106,671.02 | 827,752.28 | JUNE 2020 PHARMACY CLAIMS | PHARMACY |
| T1960 | LOCAL HEALTH PLANS OF CA. INC.**** | 99,497.61 | 100,243.50 | 2020 ANNUAL DUE ASSESSMENT & TRAINING REGISTRATION | VARIOUS |
| T4483 | INFUSION AND CLINICAL SERVICES, INC.**** | 82,230.55 | 410,919.40 | APRIL & MAY 2020 HEALTH HOMES GRANT | COMMUNITY GRANT |
| T4982 | NGC US, LLC | 80,000.00 | 601,510.99 | PREFUND HEALTH EDUCATION INCENTIVES | HEALTH EDUCATION |
| T5005 | CRAYON SOFTWARE EXPERTS LLC | 60,581.12 | 510,084.96 | MAY & JUNE 2020 AZURE OVERAGE ESD & (350) ESD REMOTE DESKTOP LICENSES | MIS INFRASTRUCTURE |
| T4699 | ZeOMEGA, INC. | 57,370.77 | 124,217.29 | MAY & JUNE PROFESSIONAL SERVICES | UTILIZATION MANAGEMENT |
| T5111 | ENTISYS 350**** | 57,162.37 | 412,508.18 | DISASTER RECOVERY BUSINESS CONTINUITY PROJECT | MIS INFRASTRUCTURE |



July AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to- Date | Description | Department |
|------------|---|---------------|---------------|---|--------------------------------------|
| T4391 | OMNI FAMILY HEALTH | 51,528.42 | 1,659,897.42 | APRIL & MAY 2020 HEALTH HOME GRANT (OILDALE & SHAFTER) | COMMUNITY GRANT |
| T2704 | MCG HEALTH LLC**** | 51,277.31 | 51,277.31 | JUNE SOFTWARE LICENSE - HEALTH CARE MANAGEMENT | UTILIZATION MANAGEMENT |
| T4722 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 48,988.00 | 157,691.98 | JUNE 2020 QNXT MAINT. & HPA BILLING | MIS INFRASTRUCTURE |
| T1861 | CERIDIAN HCM, INC. | 45,024.50 | 130,467.46 | JULY & AUGUST 2020 MONTHLY SUBSCRIPTION FEES & JUNE - JULY 2020 PROFESSIONAL SERVICES | HUMAN RESOURCES |
| T4193 | STRIA LLC | 40,895.21 | 252,271.22 | JUNE & JULY 2020 OCR SERVICES AND PROFESSIONAL SERVICES | CLAIMS |
| T4582 | HEALTHX, INC. | 40,376.00 | 282,632.00 | JULY 2020 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL | MIS INFRASTRUCTURE |
| T2961 | SOLUTION BENCH, LLC**** | 33,814.59 | 46,414.59 | 2020-2021 MFILES ANNUAL RENEWAL YR 2 | MIS INFRASTRUCTURE |
| T5185 | HOUSING AUTHORITY COUNTY OF KERN | 33,750.00 | 118,250.00 | MARCH & APRIL 2020 HOUSING AUTHORITY GRANT | COMMUNITY GRANT |
| T1272 | COFFEY COMMUNICATIONS INC.**** | 30,805.44 | 113,116.96 | FALL 2020 MEMBER NEWSLETTER, POSTAGE & WEBSITE IMPLEMENTATION | HEALTH EDUCATION/ MIS INFRASTRUCTURE |

KERN HEALTH SYSTEMS

July AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to- Date | Description | Department |
|------------|--|---------------|---------------|---|--|
| T5109 | RAND EMPLOYMENT SOLUTIONS | 29,045.03 | 190,443.36 | JUNE & JULY 2020 TEMP SERVICES- 4 MS, 1 HED | VARIOUS |
| T2167 | PG&E | 28,343.77 | 163,440.98 | 6/17/20-7/15/20 USAGE/UTILITIES | CORPORATE SERVICES |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES | 23,638.00 | 141,525.53 | JUNE & JULY 2020 ONSITE SECURITY | CORPORATE SERVICES |
| T4663 | DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.**** | 20,000.00 | 29,125.00 | 2020-2021 DEVELOPMENT DIMENSIONS INTERNATIONAL MASTER LICENSE FEE | HUMAN RESOURCES |
| T4781 | EDRINGTON HEALTH CONSULTING, LLC**** | 19,106.25 | 44,125.00 | APRIL 2020 CONSULTING SERVICES | ADMINISTRATION |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 18,149.84 | 152,517.63 | JUNE 2020 EDI CLAIM PROCESSING (EMDEON) | CLAIMS |
| T4733 | UNITED STAFFING ASSOCIATES | 18,125.27 | 148,120.76 | JUNE - JULY 2020 TEMPORARY HELP -1 HH, 1HE, 1 MS | VARIOUS |
| T4962 | LIBERTY DATA, INC.**** | 17,100.00 | 17,100.00 | JULY 2020 TAX NUMBER VALIDATION SERVICES | MIS INFRASTRUCTURE |
| T3011 | OFFICE ALLY, INC. | 16,625.75 | 111,238.25 | JUNE 2020 EDI CLAIM PROCESSING | CLAIMS |
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC.**** | 16,500.00 | 36,500.00 | MAY & JUNE DEV LEED MANAGEMENT & POST CONSTRUCTION | CAPITAL PROJECT/ NEW BUILDING |
| T5227 | RIDGECREST MEDICAL TRANSPORTATION**** | 15,425.56 | 71,491.05 | MAY & JUNE 2020 PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T1097 | NCQA**** | 15,370.25 | 16,420.25 | 2020 HEDIS & 2021 VOL 2 PLUS QUALITY COMPASS. | QUALITY IMPROVEMENT |
| T4696 | ZNALYTICS, LLC | 14,400.00 | 95,120.00 | JUNE 2020 PROFESSIONAL SERVICES | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T2458 | HEALTHCARE FINANCIAL, INC. | 14,000.00 | 195,000.00 | JUNE 2020 PROFESSIONAL SERVICES | ADMINISTRATION |
| T4460 | PAYSPAN, INC | 13,123.47 | 120,493.75 | JUNE 2020 ELECTRIC CLAIMS/PAYMENTS | FINANCE |

KERN HEALTH SYSTEMS

July AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to- Date | Description | Department |
|------------|--|---------------------|---------------|---|--------------------|
| T4396 | KAISER FOUNDATION HEALTH-DHMO | 12,775.06 | 102,200.48 | AUGUST 2020 DHMO EMPLOYEE HEALTH BENEFIT PREMIUMS | HUMAN RESOURCES |
| T1005 | COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING | 12,611.04 | 88,115.06 | JUNE 2020 ACCIDENT & CRITICAL ILLNESS EMPLOYEE PREMIUMS | VARIOUS |
| T2955 | DELTA ELECTRIC INC.**** | 12,177.00 | 53,887.00 | (3) GATES FOR FUTURE CAMERA POWER | CORPORATE SERVICES |
| T4902 | CHANGE HEALTHCARE TECHNOLOGIES, LLC | 11,786.28 | 95,234.35 | JUNE 2020 EDI PROCESSING | CLAIMS |
| T1326 | WALKER-LEWIS RENTS**** | 11,197.90 | 11,197.90 | COVID19 TESTING SITE EQUIPMENT | MARKETING |
| T4607 | AGILITY RECOVERY SOLUTIONS INC.**** | 10,755.00 | 10,755.00 | MAY & JUNE 2020 LAPTOP'S & MONITOR'S RENTAL FOR EMPLOYEES WORKING FROM HOME | MIS INFRASTRUCTURE |
| T4657 | DAPONDE SIMPSON ROWE PC**** | 10,599.00 | 115,211.00 | MAY 2020 LEGAL SERVICES | VARIOUS |
| T1189 | APPLE ONE INC, EMPLOYMENT SERVICES | 10,152.06 | 91,885.32 | JUNE & JULY 2020 TEMP SERVICES- 1 MIS | MIS INFRASTRUCTURE |
| | | <u>2,804,331.47</u> | | | |
| | TOTAL VENDORS OVER \$10,000 | 2,804,331.47 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 222,550.51 | | | |
| | TOTAL VENDOR EXPENSES- JULY | <u>3,026,881.98</u> | | | |

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

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|-----------------------------------|
| T1045 | KAISER FOUNDATION HEALTH - HMO | 3,636,074.40 | HMO EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4391 | OMNI FAMILY HEALTH | 1,659,897.42 | HEALTH HOMES AND PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4290 | S.C. ANDERSON, INC. | 1,555,742.74 | NEW BUILDING RETAINER | CAPITAL PROJECT - NEW BUILDING |
| T4350 | COMPUTER ENTERPRISE INC. | 1,320,278.43 | PROFESSIONAL SERVICES / CONSULTING SERVICES & TRAVEL EXP. | CAPITAL PROJECTS IN PROCESS/ MIS |
| T5229 | DIGNITY HEALTH MEDICAL GROUP - BAKERSFIELD | 1,089,766.55 | HEALTH HOMES GRANT | COMMUNITY GRANTS |
| T2726 | DST PHARMACY SOLUTIONS, INC. | 827,752.28 | PHARMACY CLAIMS | PHARMACY |
| T4237 | FLUIDEDGE CONSULTING, INC. | 760,263.17 | PROFESSIONAL SERVICES / CONSULTING SERVICES & TRAVEL EXP. | VARIOUS |
| T2686 | ALLIANT INSURANCE SERVICES INC. | 702,212.95 | ANNUAL INSURANCE & ACIP CRIME PREMIUMS | ADMINISTRATION |
| T4982 | NGC US, LLC | 601,510.99 | PREFUND HEALTH HOMES INCENTIVES & HEALTH EDUCATION MEMBER INCENTIVES | VARIOUS |
| T5005 | CRAYON SOFTWARE EXPERTS LLC | 510,084.98 | 2019 TRUE UP MAINTENANCE & 2020 ESD ANNUAL SUPPORT | MIS INFRASTRUCTURE |
| T3130 | OPTUMINSIGHT, INC. | 453,564.00 | ANNUAL LICENSED SOFTWARE EASYGROUP & INCREMENTAL LICENSE | MIS INFRASTRUCTURE |
| T2488 | THE LINCOLN NATIONAL LIFE INSURANCE | 450,463.25 | VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T5111 | ENTISYS 360 | 412,508.18 | DISASTER RECOVERY BUSINESS CONTINUITY PROJECT | MIS INFRASTRUCTURE/CAPITALPROJECT |
| T4483 | INFUSION AND CLINICAL SERVICES, INC. | 410,919.40 | HEALTH HOMES GRANT | COMMUNITY GRANT |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|--------------------------------|
| T4582 | HEALTHX, INC. | 282,632.00 | 2020 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL | MIS INFRASTRUCTURE |
| T1845 | DEPARTMENT OF MANAGED HEALTH CARE**** | 274,082.65 | 2020-2021 MCAL ANNUAL ASSESSMENT | ADMINISTRATION |
| T4193 | STRIA LLC | 252,271.22 | OCR SERVICES AND PROFESSIONAL SERVICES | CLAIMS & HUMAN RESOURCES |
| T5119 | PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC. | 235,758.22 | NEW BUILDING FURNITURE (LIVE STREAM VIA IP) | CAPITAL PROJECT - NEW BUILDING |
| T4959 | BERKSHIRE HATHWAY HOMESTATE COMPANIES **** | 202,528.00 | 2020-2021 WORKER'S COMPENSATION INSURANCE PREMIUM | ADMINISTRATION |
| T2458 | HEALTHCARE FINANCIAL, INC. | 195,000.00 | PROFESSIONAL SERVICES | ADMINISTRATION |
| T4165 | SHI INTERNATIONAL CO. | 192,184.40 | STANDING WORKING STATIONS & LICENSES FEES | VARIOUS |
| T5109 | RAND EMPLOYMENT SOLUTIONS | 190,443.38 | TEMPORARY HELP | VARIOUS |
| T2167 | PG&E | 163,440.99 | USAGE/UTILITIES | CORPORATE SERVICES |
| T4722 | COGNIZANT TRIZETTO SOFTWARE GROUP. INC. | 157,691.98 | PROFESSIONAL SERVICES | VARIOUS |
| T5217 | AMERICAN TILE & BRICK VENEER, INC. | 157,500.00 | FINAL PAYMENT FOR BRICK WALL | BUILDING IMPROVEMENT |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 152,517.63 | EDI CLAIM PROCESSING | CLAIMS |
| T5269 | KERN COMMUNITY FOUNDATION | 150,000.00 | HEALTH HOME GRANT | COMMUNITY GRANT |
| T4733 | UNITED STAFFING ASSOCIATES | 148,120.76 | TEMPORARY HELP | VARIOUS |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES | 141,525.53 | ONSITE SECURITY | CORPORATE SERVICES |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|----------------------------------|--------------|---|--------------------------------------|
| T2584 | UNITED STATES POSTAL SVC.-HASLER | 140,000.00 | POSTAGE (METER) FUND | CORPORATE SERVICES |
| T1861 | CERIDIAN HCM, INC. | 130,467.46 | MONTHLY SUBSCRIPTION FEES, PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS | HUMAN RESOURCES |
| T4699 | ZeOMEGA, INC. | 124,217.29 | PROFESSIONAL SERVICES AND TRAVEL EXP. | UTILIZATION MANAGEMENT |
| T4460 | PAYSPAN, INC | 120,493.75 | ELECTRONIC CLAIMS/PAYMENTS & PPD REIMBURSEMENTS | FINANCE |
| T5185 | HOUSING AUTHORITY COUNTY OF KERN | 118,250.00 | HOUSING AUTHORITY GRANT | UTILIZATION MANAGEMENT |
| T4657 | DAPONDE SIMPSON ROWE PC | 115,211.00 | LEGAL SERVICES | PROVIDER RELATIONS |
| T1408 | DELL MARKETING L.P. | 113,638.66 | HARDWARE & COMPUTER EQUIPMENT | MIS INFRASTRUCTURE |
| T1272 | COFFEY COMMUNICATIONS INC. | 113,116.96 | MEMBER NEWSLETTER/ WEBSITE IMPLEMENTATION | HEALTH EDUCATION/ MIS INFRASTRUCTURE |
| T3011 | OFFICE ALLY, INC. | 111,238.25 | EDI CLAIM PROCESSING | CLAIMS |
| T2918 | STINSON'S | 105,882.64 | 2020 OFFICE SUPPLIES, CONFERENCE TABLES, OFFICE FURNITURE, CABINET FOR TRAINING & DEVELOPMENT ROOM | VARIOUS |
| T4396 | KAISER FOUNDATION HEALTH-DHMO | 102,200.48 | EMPLOYEE HEALTH BENEFITS - DHMO | VARIOUS |
| T1960 | LOCAL HEALTH PLANS OF CA. INC | 100,243.50 | VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T4634 | EXECUTIVE STAFFING SOLUTIONS | 99,998.00 | RECRUITMENT FEES | HUMAN RESOURCES |
| T4967 | ADMINISTRATIVE SOLUTIONS, INC. | 99,970.70 | FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION | VARIOUS |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|--|
| T4902 | CHANGE HEALTHCARE TECHNOLOGIES, LLC | 95,234.35 | EDI CLAIM PROCESSING | CLAIMS / MIS |
| T4696 | ZNALYTICS, LLC | 95,120.00 | PROFESSIONAL SERVICES | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T5026 | TEL-TEC SECURITY SYSTEMS | 95,033.38 | ADDITIONAL SECURITY SYSTEM & LABOR | CORPORATE SERVICES |
| T1189 | APPLE ONE INC, EMPLOYMENT SERVICES | 91,885.32 | TEMPORARY HELP | VARIOUS |
| T4785 | COMMGAP | 91,370.00 | INTERPRETATION SERVICES | HEALTH EDUCATION |
| T3449 | CDW GOVERNMENT | 88,290.10 | HARDWARE & COMPUTER SUPPLIES | VARIOUS |
| T1005 | COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING | 88,115.06 | EMPLOYEE PREMIUM - ACCIDENT & CRITICAL ILLNESS | VARIOUS |
| T4038 | POLYCLINIC MEDICAL CENTER, INC | 87,993.04 | HEALTH HOME AND PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T5145 | CCS ENGINEERING FRESNO INC., | 80,425.63 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T5132 | TIME WARNER CABLE LLC | 75,631.81 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 75,500.00 | 2020 ANNUAL DUES, 2019 SALARY SURVEY, & LEADERSHIP FEES | VARIOUS |
| T5015 | SENTINEL ENGINEERING | 74,963.34 | JUNIPER NETWORKS - FIBER OPTICS | MIS INFRASTRUCTURE |
| T5227 | RIDGECREST MEDICAL TRANSPORTATION | 71,491.05 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T5076 | MERIDIAN HEALTH SYSTEMS, P.C. | 70,720.00 | PROFESSIONAL SERVICES | UTILIZATION MANAGEMENT |
| T4963 | LINKEDIN CORPORATION | 68,775.00 | JUNIPER NETWORKS - FIBER OPTICS | MIS INFRASTRUCTURE |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|------------------------------------|--------------|--|------------------------|
| T1128 | HALL LETTER SHOP, INC. | 64,285.96 | NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PACKETS | VARIOUS |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK | 55,135.00 | 2019 AUDIT FEES | ADMINISTRATION |
| T2955 | DELTA ELECTRIC INC. | 53,887.00 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T4265 | SIERRA SCHOOL EQUIPMENT COMPANY | 52,428.83 | NEW FURNITURE & OFFICE CHAIRS FOR EMPLOYEES | CORPORATE SERVICES |
| T2704 | MCG HEALTH LLC | 51,277.31 | SOFTWARE LICENSE - HEALTH CARE MANAGEMENT | UTILIZATION MANAGEMENT |
| T5121 | TPx COMMUNICATIONS | 50,173.81 | LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES: 800 LINES | MIS INFRASTRUCTURE |
| T2969 | AMERICAN BUSINESS MACHINES INC | 48,397.48 | HARDWARE AND MAINTENANCE | CORPORATE SERVICES |
| T3001 | MERCER | 47,500.00 | CONSULTING SERVICES | HUMAN RESOURCES |
| T2961 | SOLUTION BENCH, LLC | 46,414.59 | M-FILES & SCANFINITY LICENSES SUPPORT | MIS INFRASTRUCTURE |
| T1022 | UNUM LIFE INSURANCE CO. | 44,544.40 | EMPLOYEE PREMIUM | PAYROLL DEDUCTION |
| T4781 | EDRINGTON HEALTH CONSULTING, LLC | 44,125.00 | CONSULTING SERVICES | ADMINISTRATION |
| T2446 | AT&T MOBILITY | 39,372.41 | CELLULAR PHONE / INTERNET USAGE | MIS INFRASTRUCTURE |
| T4389 | EXACT STAFF, INC. | 37,874.68 | TEMPORARY HELP | VARIOUS |
| T4503 | VISION SERVICE PLAN | 37,446.67 | EMPLOYEE HEALTH BENEFITS | VARIOUS |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|-------------------------------|
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC. | 36,500.00 | CONSTRUCTION CLOSE OUT (SERVICES COMPLETED DURING 2019) AND DEV LEED MANAGEMENT & POST CONSTRUCTION | CAPITAL PROJECT/ NEW BUILDING |
| T4731 | LOGMEIN USA, INC. | 36,283.00 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T1180 | LANGUAGE LINE SERVICES INC. | 35,310.48 | INTERPRETATION SERVICES | MEMBER SERVICES |
| T5260 | HD DYNAMICS | 35,006.25 | 2020 SYSTEM CONFIGURATION, CUSTOMIZATION, & PROJECT MANAGEMENT | PROVIDER RELATIONS |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA | 33,400.00 | COMMUNITY SPONSORSHIP | ADMINISTRATION |
| T2413 | TREK IMAGING INC | 33,373.19 | COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS | VARIOUS |
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 32,512.00 | 2020 ANNUAL DUES & CONFERENCE REGISTRATION | VARIOUS |
| T3986 | JACQUELYN S. JANS | 31,975.00 | CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN | ADMINISTRATION/ MARKETING |
| T4792 | KP LLC | 31,349.67 | PROVIDER DIRECTORIES & FORMULARY (SUPPORT/MAINT.) | PROVIDER RELATIONS/PHARMACY |
| T4563 | SPH ANALYTICS | 30,343.80 | PROVIDER AND MEMBER SATISFACTION SURVEYS | VARIOUS |
| T4873 | L5 HEALTHCARE SOLUTIONS, INC. | 29,374.47 | LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL | MIS INFRASTRUCTURE |
| T4663 | DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.**** | 29,125.00 | 2020-2021 DEVELOPMENT DIMENSIONS INTERNATIONAL MASTER LICENSE FEE | HUMAN RESOURCES |
| T2441 | LAURA J. BREZINSKI | 27,625.00 | MARKETING MATERIALS | MARKETING |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--------------------------------------|--------------|---|--------------------|
| T4216 | NEXSTAR BROADCASTING INC | 26,766.50 | ADVERTISEMENT - MEDIA | MARKETING |
| T3084 | KERN COUNTY-COUNTY COUNSEL | 26,682.11 | LEGAL FEES | ADMINISTRATION |
| T5226 | SAN MICHAEL PEDIATRICS INC. | 26,422.16 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T2232 | DLT SOLUTIONS, LLC | 25,733.63 | SQL LICENSES | MIS INFRASTRUCTURE |
| T2941 | KERN PRINT SERVICES INC. | 25,099.01 | OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD | VARIOUS |
| T3454 | DEPARTMENT OF MANAGED HEALTH CARE | 25,000.00 | ENFORCEMENT MATTERS | ADMINISTRATION |
| T4182 | THE LAMAR COMPANIES | 24,820.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |
| T4960 | ZELIS CLAIMS INTEGRITY, LLC | 23,390.74 | POST EDITING SYSTEMS FOR CLAIMS PROCESSING | CLAIMS |
| T4654 | DELAWIE | 22,825.93 | 1ST QTR 2020 ARCHITECTURAL SERVICES | CAPITAL PROJECT |
| T4546 | LEVEL 3 COMMUNICATIONS, LLC | 21,169.97 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T4228 | THE SSI GROUP, LLC. | 20,922.80 | EDI CLAIM PROCESSING | CLAIMS / MIS |
| T4466 | SMOOTH MOVE USA | 20,388.62 | MOVING SERVICES | CORPORATE SERVICES |
| T5240 | ACE EYECARE INC | 20,000.00 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T2933 | SIERRA PRINTERS, INC. | 19,962.26 | PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS | VARIOUS |
| T4239 | COAST TO COAST COMPUTER PRODUCTS | 17,615.71 | COMPUTER PRODUCTS & SUPPLIES | CORPORATE SERVICES |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|---------------------|
| T4708 | HEALTH MANAGEMENT ASSOCIATES, INC. | 17,490.00 | CONSULTING SERVICES | ADMINISTRATION |
| T4962 | LIBERTY DATA, INC.**** | 17,100.00 | 2020 TAX NUMBER VALIDATION SERVICES | MIS INFRASTRUCTURE |
| T1650 | UNIVISION TELEVISION GROUP | 16,915.00 | ADVERTISEMENT - TELEVISION | MARKETING |
| T1097 | NCQA**** | 16,420.25 | HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDITATION | QUALITY IMPROVEMENT |
| T4521 | PAYSCALE, INC. | 16,000.00 | COMPENSATION STUDY AND SALARY ANALYTICS | HUMAN RESOURCES |
| T5236 | BEST BEST & KRIEGER LLP | 15,389.24 | LEGAL FEES | ADMINISTRATION |
| T1183 | MILLIMAN USA | 14,756.25 | CY2018/2019 RDT & IBNP CONSULTING - ACTUARIAL | ADMINISTRATION |
| T5201 | JAC SERVICES, INC. | 14,535.00 | SPRING 2020 AC MAINTENANCE & SERVICE | CORPORATE SERVICES |
| T2787 | SAGE SOFTWARE, INC | 14,381.75 | 2019-20 SAGE300 ERP SILVER BUSINESS ANNUAL LICENSE | FINANCE |
| T2682 | CACTUS SOFTWARE LLC | 14,131.31 | SOFTWARE LICENSE | MIS INFRASTRUCTURE |
| T4523 | BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA | 14,097.49 | EMPLOYEE PREMIUM | ADMINISTRATION |
| T5155 | A-C ELECTRIC COMPANY | 13,939.58 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T1152 | MICHAEL K. BROWN LANDSCAPE & MAINTENANCE CO.. INC. | 13,702.50 | 2020 BUILDING MAINTENANCE | CORPORATE SERVICE |
| T4195 | SCRIPPS MEDIA, INC. DBA KERO-TV | 13,575.00 | ADVERTISEMENT - TELEVISION | MARKETING |
| T5159 | AT&T CORP | 12,528.95 | INTERNET SERVICES | MIS INFRASTRUCTURE |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|-----------------------|
| T2938 | SAP AMERICA, INC | 12,308.32 | SAP BUSINESS OBJECTS SOFTWARE ANNUAL MAINTENANCE FEE | BUSINESS INTELLIGENCE |
| T4544 | BARNES WEALTH MANAGEMENT GROUP | 12,250.00 | RETIREMENT PLAN CONSULTANTS | ADMINISTRATION |
| T4052 | RAHUL SHARMA | 12,184.40 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T5246 | ACCELEBRATE, INC. | 12,120.15 | ASP.NET CORE 3 DEVELOPMENT TRAINING | BUSINESS INTELLIGENCE |
| T5258 | GOOD SAMARITAN HOSPITAL, LP | 11,605.00 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T5251 | PREVALENT, INC. | 11,412.25 | ANNUAL SAAS SUBSCRIPTION | MIS INFRASTRUCTURE |
| T1347 | ADVANCED DATA STORAGE**** | 11,292.15 | STORAGE AND SHREDDING SERVICES | CORPORATE SERVICES |
| T1326 | WALKER-LEWIS RENTS**** | 11,197.90 | COVID19 TESTING SITE EQUIPMENT | MARKETING |
| T4261 | KAISER FOUNDATION HEALTH PLAN -TX PPO**** | 11,165.76 | TX-PPO EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4932 | SPECTRUM REACH (MEDIA)**** | 11,107.80 | ADVERTISEMENT - TELEVISION | MARKETING |
| T3092 | LINKS FOR LIFE | 11,000.00 | COMMUNITY ACTIVITIES-SPONSORSHIP | MARKETING |
| T4683 | CLAUDIA M. BACA PROJECT MANAGEMENT CONSULTING | 11,000.00 | PROJECT MANAGEMENT CONSULTING SERVICES | PROJECT MANAGEMENT |

KERN·HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|-------------------------------------|-------------------------|---|----------------------|
| T4607 | AGILITY RECOVERY SOLUTIONS INC.**** | 10,755.00 | LAPTOP'S & MONITOR'S RENTAL FOR EMPLOYEES WORKING FROM HOME | MIS INFRASTRUCTURE |
| T2840 | ATALASOFT, INC. | 10,254.00 | DOT IMAGING RENEWAL | MIS INFRASTRUCTURE |
| T5262 | YOUTH CONNECTION, INC. | 10,000.00 | COMMUNITY SPONSORSHIP | COMMUNITY ACTIVITIES |
| T5270 | ENFORCE, LLC | 10,000.00 | DAYFORCE OPTIMIZATION & CONSULTING SERVICES | HUMAN RESOURCES |
| T5279 | GOOD SAMARITAN HEALTH FOUNDATION | 10,000.00 | COVID-19 TESTING SITE SUPPORT-SPONSORSHIP | COMMUNITY ACTIVITIES |
| | | <u>21,988,647.74</u> | | |
| | TOTAL VENDORS OVER \$10,000 | 21,988,647.74 | | |
| | TOTAL VENDORS UNDER \$10,000 | 718,338.08 | | |
| | TOTAL VENDOR EXPENSES- July | <u>\$ 22,706,985.82</u> | | |

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



August AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|---|---------------|--------------|---|-------------------------------------|
| T4350 | COMPUTER ENTERPRISE INC. | 156,317.86 | 1,476,596.29 | JUNE & JULY PROFESSIONAL SERVICES / CONSULTING SERVICES | CAPITAL PROJECTS IN PROCESS/ MIS |
| T2726 | DST PHARMACY SOLUTIONS, INC. | 109,612.63 | 937,364.91 | JULY 2020 PHARMACY CLAIMS | PHARMACY |
| T4237 | FLUIDEDGE CONSULTING, INC. | 99,362.50 | 859,625.67 | JULY & AUGUST 2020 PROFESSIONAL SERVICES/ CONSULTING SERVICES | VARIOUS |
| T5111 | ENTISYS 360 | 94,525.65 | 507,033.83 | DISASTER RECOVERY BUSINESS CONTINUITY PROJECT | MIS INFRASTRUCTURE/CAPITAL PROJECTS |
| T2488 | THE LINCOLN NATIONAL LIFE INSURANCE | 65,218.00 | 515,681.25 | AUGUST 2020 VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T4657 | DAPONDE SIMPSON ROWE PC | 57,027.00 | 172,238.00 | JUNE 2020 LEGAL SERVICES | PROVIDER RELATIONS |
| T2704 | MCG HEALTH LLC | 52,986.55 | 104,263.86 | JULY SOFTWARE LICENSE - HEALTH CARE MANAGEMENT | UTILIZATION MANAGEMENT |
| T5145 | CCS ENGINEERING FRESNO INC.,**** | 42,973.70 | 123,399.33 | JULY & AUGUST JANITORIAL SERVICES | CORPORATE SERVICES |
| T4193 | STRIA LLC | 42,420.17 | 294,691.39 | JULY & AUGUST 2020 OCR SERVICES AND PROFESSIONAL SERVICES | CLAIMS |
| T4582 | HEALTHX, INC. | 40,376.00 | 323,008.00 | AUGUST 2020 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL | MIS INFRASTRUCTURE |
| T4722 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 38,210.25 | 195,902.23 | JULY 2020 QNXT MAINT. & HPA BILLING | MIS INFRASTRUCTURE |
| T4391 | OMNI FAMILY HEALTH | 36,254.21 | 1,696,151.63 | JUNE 2020 HEALTH HOME GRANT (OILDALE & SHAFTER) | COMMUNITY GRANT |
| T2167 | PG&E | 31,457.33 | 194,898.32 | 7/16/20-8/16/20 USAGE/UTILITIES | CORPORATE SERVICES |



August AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|--------------------------------------|---------------|--------------|---|-----------------------|
| T2458 | HEALTHCARE FINANCIAL, INC. | 30,000.00 | 225,000.00 | JULY 2020 PROFESSIONAL SERVICES | ADMINISTRATION |
| T2584 | UNITED STATES POSTAL SVC.-HASLER**** | 30,000.00 | 170,000.00 | 5TH POSTAGE (METER) FUND | CORPORATE SERVICES |
| T5279 | GOOD SAMARITAN HEALTH FOUNDATION**** | 25,000.00 | 35,000.00 | COVID19 FARMWORKING MOBILE TESTING SITE SPONSORSHIP | MARKETING |
| T5258 | GOOD SAMARITAN HOSPITAL, LP**** | 22,705.00 | 33,801.70 | JUNE 2020 PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES | 22,425.06 | 163,950.59 | JULY & AUGUST 2020 ONSITE SECURITY | CORPORATE SERVICES |
| T4967 | ADMINISTRATIVE SOLUTIONS, INC.**** | 21,919.59 | 121,890.29 | FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION | VARIOUS |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 19,568.47 | 172,086.10 | JULY 2020 EDI CLAIM PROCESSING | CLAIMS |
| T4165 | SHI INTERNATIONAL CO.**** | 19,113.88 | 211,298.28 | (12) JUNIPER NETWORKS-QSFP TRANSCEIVER MODULE | MIS INFRASTRUCTURE |
| T5185 | HOUSING AUTHORITY COUNTY OF KERN | 18,050.00 | 136,300.00 | MAY 2020 HOUSING AUTHORITY GRANT | COMMUNITY GRANT |
| T4733 | UNITED STAFFING ASSOCIATES | 17,804.48 | 165,925.24 | JULY & AUGUST 2020 TEMPORARY HELP -1 HH, 1 HE, 1 MS | VARIOUS |
| T4460 | PAYSPAN, INC | 17,164.18 | 137,657.93 | JULY 2020 ELECTRIC CLAIMS/PAYMENTS | FINANCE |
| T3011 | OFFICE ALLY, INC. | 16,680.75 | 127,919.00 | JULY 2020 EDI CLAIM PROCESSING | CLAIMS |
| T5022 | SVAM INTERNATIONAL INC**** | 16,368.00 | 17,856.00 | JULY 2020 PROFESSIONAL SERVICES / CONSULTING SERVICES | BUSINESS INTELLIGENCE |
| T4016 | FIRST DATABANK, INC**** | 16,060.00 | 16,060.00 | 2020-2021 NATIONAL CODE DATABASE WITH THE GENERIC CODE NUMBER RENEWAL | MIS INFRASTRUCTURE |

KERN HEALTH SYSTEMS

August AP Vendor Report
Amounts over \$10,000.00

| Vendor No. | Vendor Name | Current Month | Year-to-Date | Description | Department |
|------------|--|----------------------------|--------------|--|--|
| T4696 | ZNALYTICS, LLC | 15,840.00 | 110,960.00 | JULY 2020 PROFESSIONAL SERVICES | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T5030 | KHOA NGUYEN DBA KN CONSULTING LLC**** | 15,000.00 | 15,000.00 | GROUP PLAN PURCHASING PROJECT CONSULTING SERVICES 1 INITIAL PAYMENT | ADMINISTRATION |
| T1005 | COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING | 12,297.52 | 100,412.58 | JULY 2020 ACCIDENT & CRITICAL ILLNESS EMPLOYEE PREMIUM | VARIOUS |
| T5109 | RAND EMPLOYMENT SOLUTIONS | 10,841.05 | 201,284.41 | JULY & AUGUST 2020 TEMP SERVICES- 4 MS, 1 HE | VARIOUS |
| T5005 | CRAYON SOFTWARE EXPERTS LLC | 10,739.34 | 520,824.32 | JULY 2020 AZURE OVERAGE ESD & (350) ESD REMOTE DESKTOP LICENSES | MIS INFRASTRUCTURE |
| T1128 | HALL LETTER SHOP, INC.**** | 10,597.43 | 74,883.39 | COVID DECALS & STRIPS, JULY'20 MEMBER ID CARDS, JULY'20 NEW MEMBER PACKETS, REWARD POSTCARDS, COVID19 MASK POSTERS, POSTAGE, & WELCOME LETTERS | VARIOUS |
| T3449 | CDW GOVERNMENT**** | 10,067.91 | 98,358.01 | LACIE 1TB RUGGED SSD, DESKTOP SPEAKERS, ADOBE ACROBAT PRO LICENSE & LACIE 2TB PORTABLE SSD | MIS INFRASTRUCTURE |
| | | <u>1,244,984.51</u> | | | |
| | TOTAL VENDORS OVER \$10,000 | 1,244,984.51 | | | |
| | TOTAL VENDORS UNDER \$10,000 | 183,668.05 | | | |
| | TOTAL VENDOR EXPENSES- AUGUST | <u>1,428,652.56</u> | | | |

Note:

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



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|------------------------------------|
| T1045 | KAISER FOUNDATION HEALTH - HMO | 3,638,074.40 | HMO EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4391 | OMNI FAMILY HEALTH | 1,696,151.83 | HEALTH HOMES AND PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4290 | S.C. ANDERSON, INC. | 1,555,742.74 | NEW BUILDING RETAINER | CAPITAL PROJECT - NEW BUILDING |
| T4350 | COMPUTER ENTERPRISE INC. | 1,476,596.29 | PROFESSIONAL SERVICES / CONSULTING SERVICES & TRAVEL EXP. | CAPITAL PROJECTS IN PROCESS/ MIS |
| T5229 | DIGNITY HEALTH MEDICAL GROUP - BAKERSFIELD | 1,089,786.55 | HEALTH HOMES GRANT | COMMUNITY GRANTS |
| T2726 | DST PHARMACY SOLUTIONS, INC. | 937,364.91 | PHARMACY CLAIMS | PHARMACY |
| T4237 | FLUIDEDGE CONSULTING, INC. | 859,625.67 | PROFESSIONAL SERVICES / CONSULTING SERVICES & TRAVEL EXP. | VARIOUS |
| T2686 | ALLIANT INSURANCE SERVICES INC. | 702,212.95 | ANNUAL INSURANCE & ACIP CRIME PREMIUMS | ADMINISTRATION |
| T4982 | NGC US, LLC | 601,510.99 | PREFUND HEALTH HOMES INCENTIVES & HEALTH EDUCATION MEMBER INCENTIVES | VARIOUS |
| T5005 | CRAYON SOFTWARE EXPERTS LLC | 520,824.32 | 2019 TRUE UP MAINTENANCE & 2020 ESD ANNUAL SUPPORT | MIS INFRASTRUCTURE |
| T2488 | THE LINCOLN NATIONAL LIFE INSURANCE | 515,681.25 | VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T5111 | ENTISYS 360 | 507,033.83 | DISASTER RECOVERY CONTINUITY PROJECT | MIS INFRASTRUCTURE/CAPITAL PROJECT |
| T3130 | OPTUMINSIGHT, INC. | 453,564.00 | ANNUAL LICENSED SOFTWARE EASYGROUP & INCREMENTAL LICENSE | MIS INFRASTRUCTURE |
| T4483 | INFUSION AND CLINICAL SERVICES, INC. | 410,919.40 | HEALTH HOMES GRANT | COMMUNITY GRANT |
| T4582 | HEALTHX, INC. | 323,008.00 | 2020 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL | MIS INFRASTRUCTURE |
| T4193 | STRIA LLC | 294,691.39 | OCR SERVICES AND PROFESSIONAL SERVICES | CLAIMS & HUMAN RESOURCES |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---|--------------|--|--------------------------------|
| T1845 | DEPARTMENT OF MANAGED HEALTH CARE | 274,062.65 | 2020-2021 MCAL ANNUAL ASSESSMENT | ADMINISTRATION |
| T5119 | PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC. | 235,758.22 | NEW BUILDING FURNITURE (LIVE STREAM VIA IP) | CAPITAL PROJECT - NEW BUILDING |
| T2458 | HEALTHCARE FINANCIAL, INC. | 225,000.00 | PROFESSIONAL SERVICES | ADMINISTRATION |
| T4165 | SHI INTERNATIONAL CO. | 211,298.28 | STANDING WORKING STATIONS, LICENSES FEES & JUNIPER NETWORKS -QSFP TRANSCEIVER MODULE | VARIOUS |
| T4959 | BERKSHIRE HATHWAY HOMESTATE COMPANIES | 202,610.00 | 2020-2021 WORKER'S COMPENSATION INSURANCE PREMIUM | ADMINISTRATION |
| T5109 | RAND EMPLOYMENT SOLUTIONS | 201,284.41 | TEMPORARY HELP | VARIOUS |
| T4722 | COGNIZANT TRIZETTO SOFTWARE GROUP, INC. | 195,902.23 | PROFESSIONAL SERVICES | VARIOUS |
| T2167 | PG&E | 194,898.32 | USAGE/UTILITIES | CORPORATE SERVICES |
| T4657 | DAPONDE SIMPSON ROWE PC | 172,238.00 | LEGAL SERVICES | PROVIDER RELATIONS |
| T4538 | CHANGE HEALTHCARE SOLUTIONS, LLC | 172,086.10 | EDI CLAIM PROCESSING (EMDEON) | CLAIMS |
| T2584 | UNITED STATES POSTAL SVC.-HASLER | 170,000.00 | POSTAGE (METER) FUND | CORPORATE SERVICES |
| T4733 | UNITED STAFFING ASSOCIATES | 165,925.24 | TEMPORARY HELP | VARIOUS |
| T4501 | ALLIED UNIVERSAL SECURITY SERVICES | 163,950.59 | ONSITE SECURITY | CORPORATE SERVICES |
| T5217 | AMERICAN TILE & BRICK VENEER, INC. | 157,500.00 | FINAL PAYMENT FOR BRICK WALL | BUILDING IMPROVEMENT |
| T5269 | KERN COMMUNITY FOUNDATION | 150,000.00 | HEALTH HOME GRANT | COMMUNITY GRANT |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|--|
| T4460 | PAYSPAN, INC | 137,657.93 | ELECTRONIC CLAIMS/PAYMENTS & PPD REIMBURSEMENTS | FINANCE |
| T5185 | HOUSING AUTHORITY COUNTY OF KERN | 136,300.00 | HOUSING AUTHORITY GRANT | UM |
| T4699 | ZeOMEGA, INC. | 132,632.29 | PROFESSIONAL SERVICES AND TRAVEL EXP. | UM |
| T1861 | CERIDIAN HCM, INC. | 130,467.46 | MONTHLY SUBSCRIPTION FEES,PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT IMPLEMENTATION & AMENDMENTS | HUMAN RESOURCES |
| T3011 | OFFICE ALLY, INC. | 127,919.00 | EDI CLAIM PROCESSING | CLAIMS |
| T5145 | CCS ENGINEERING FRESNO INC., | 123,399.33 | JANITORIAL SERVICES | CORPORATE SERVICES |
| T4967 | ADMINISTRATIVE SOLUTIONS, INC. | 121,890.29 | FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION | VARIOUS |
| T1272 | COFFEY COMMUNICATIONS INC. | 116,421.76 | MEMBER NEWSLETTER/ WEBSITE IMPLEMENTATION | HEALTH EDUCATION/ MIS INFRASTRUCTURE |
| T1408 | DELL MARKETING L.P. | 113,853.59 | HARDWARE & COMPUTER EQUIPMENT | MIS INFRASTRUCTURE |
| T4696 | ZNALYTICS, LLC | 110,960.00 | PROFESSIONAL SERVICES | CAPITAL PROJECT-CASE MANAGEMENT/DISEASE MANAGEMENT |
| T2918 | STINSONS | 107,458.70 | 2020 OFFICE SUPPLIES, CONFERENCE TABLES, OFFICE FURNITURE, CABINET FOR TRAINING & DEVELOPMENT ROOM | VARIOUS |
| T2704 | MCG HEALTH LLC | 104,263.86 | SOFTWARE LICENSE - HEALTH CARE MANAGEMENT | UTILIZATION MANAGEMENT |
| T4396 | KAISER FOUNDATION HEALTH-DHMO | 102,200.48 | EMPLOYEE HEALTH BENEFITS - DHMO | VARIOUS |
| T1189 | APPLE ONE INC, EMPLOYMENT SERVICES | 101,466.86 | TEMPORARY HELP | VARIOUS |
| T1005 | COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING | 100,412.58 | EMPLOYEE PREMIUM - ACCIDENT & CRITICAL ILLNESS | VARIOUS |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|------------------------|
| T1960 | LOCAL HEALTH PLANS OF CA. INC | 100,243.50 | VOLUNTARY LIFE, AD&D, DENTAL INSURANCE | VARIOUS |
| T4634 | EXECUTIVE STAFFING SOLUTIONS | 99,998.00 | RECRUITMENT FEES | HUMAN RESOURCES |
| T3449 | CDW GOVERNMENT | 98,358.01 | HARDWARE & COMPUTER SUPPLIES | VARIOUS |
| T4785 | COMMGAP | 96,477.50 | INTERPRETATION SERVICES | HEALTH EDUCATION |
| T4038 | POLYCLINIC MEDICAL CENTER, INC | 96,219.33 | HEALTH HOME AND PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4902 | CHANGE HEALTHCARE TECHNOLOGIES, LLC | 95,234.35 | EDI CLAIM PROCESSING | CLAIMS / MIS |
| T5026 | TEL-TEC SECURITY SYSTEMS | 95,033.38 | ADDITIONAL SECURITY SYSTEM & LABOR | CORPORATE SERVICES |
| T5132 | TIME WARNER CABLE LLC | 82,086.97 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T5227 | RIDGECREST MEDICAL TRANSPORTATION | 79,496.21 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4054 | ASSOCIATION FOR COMMUNITY AFFILIATED PLANS | 75,500.00 | 2020 ANNUAL DUES, 2019 SALARY SURVEY, & LEADERSHIP FEES | VARIOUS |
| T5015 | SENTINEL ENGINEERING | 74,963.34 | JUNIPER NETWORKS - FIBER OPTICS | MIS INFRASTRUCTURE |
| T1128 | HALL LETTER SHOP, INC. | 74,883.39 | NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PACKETS & POSTERS | VARIOUS |
| T5076 | MERIDIAN HEALTH SYSTEMS, P.C. | 70,720.00 | PROFESSIONAL SERVICES | UTILIZATION MANAGEMENT |
| T4963 | LINKEDIN CORPORATION | 68,775.00 | JUNIPER NETWORKS - FIBER OPTICS | MIS INFRASTRUCTURE |
| T5121 | TPx COMMUNICATIONS | 57,673.45 | LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES | MIS INFRASTRUCTURE |
| T4415 | DANIELLS PHILLIPS VAUGHAN AND BOCK | 55,135.00 | 2019 AUDIT FEES | ADMINISTRATION |
| T2955 | DELTA ELECTRIC INC. | 53,887.00 | BUILDING MAINTENANCE | CORPORATE SERVICES |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|---------------------------------------|--------------|---|-------------------------------|
| T4265 | SIERRA SCHOOL EQUIPMENT COMPANY | 52,428.83 | NEW FURNITURE & OFFICE CHAIRS FOR EMPLOYEES | CORPORATE SERVICES |
| T1022 | UNUM LIFE INSURANCE CO. | 51,773.35 | EMPLOYEE PREMIUM | PAYROLL DEDUCTION |
| T2969 | AMERICAN BUSINESS MACHINES INC | 50,007.37 | HARDWARE AND MAINTENANCE | CORPORATE SERVICES |
| T3001 | MERCER | 47,500.00 | CONSULTING SERVICES | HUMAN RESOURCES |
| T2961 | SOLUTION BENCH, LLC | 46,414.59 | M-FILES & SCANFINITY LICENSES SUPPORT | MIS INFRASTRUCTURE |
| T4781 | EDRINGTON HEALTH CONSULTING, LLC | 44,125.00 | CONSULTING SERVICES | ADMINISTRATION |
| T2446 | AT&T MOBILITY | 43,902.77 | CELLULAR PHONE / INTERNET USAGE | MIS INFRASTRUCTURE |
| T4503 | VISION SERVICE PLAN | 42,845.00 | EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4731 | LOGMEIN USA, INC. | 38,913.00 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T4389 | EXACT STAFF, INC. | 37,874.68 | TEMPORARY HELP | VARIOUS |
| T3986 | JACQUELYN S. JANS | 36,575.00 | CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN | ADMINISTRATION/ MARKETING |
| T4609 | GREGORY D. BYNUM AND ASSOCIATES, INC. | 36,500.00 | CONSTRUCTION CLOSE OUT (SERVICES COMPLETED DURING 2019) AND DEV LEED MANAGEMENT & POST CONSTRUCTION | CAPITAL PROJECT/ NEW BUILDING |
| T5260 | HD DYNAMICS | 36,301.25 | 2020 SYSTEM CONFIGURATION, CUSTOMIZATION, & PROJECT MANAGEMENT | PROVIDER RELATIONS |
| T1180 | LANGUAGE LINE SERVICES INC. | 35,310.48 | INTERPRETATION SERVICES | MEMBER SERVICES |
| T5279 | GOOD SAMARITAN HEALTH FOUNDATION | 35,000.00 | COVID-19 TESTING SITE SUPPORT-SPONSORSHIP | COMMUNITY ACTIVITIES |
| T5258 | GOOD SAMARITAN HOSPITAL, LP | 34,310.00 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T2413 | TREK IMAGING INC | 33,801.70 | COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS | VARIOUS |
| T4652 | BAKERSFIELD SYMPHONY ORCHESTRA | 33,400.00 | COMMUNITY SPONSORSHIP | ADMINISTRATION |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|---|-----------------------------|
| T1404 | CALIFORNIA ASSOCIATION OF HEALTH PLANS | 32,512.00 | 2020 ANNUAL DUES & CONFERENCE REGISTRATION | VARIOUS |
| T4792 | KP LLC | 31,949.67 | PROVIDER DIRECTORIES & FORMULARY (SUPPORT/MAINT.) | PROVIDER RELATIONS/PHARMACY |
| T2941 | KERN PRINT SERVICES INC. | 31,743.67 | OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD | VARIOUS |
| T2441 | LAURA J. BREZINSKI | 31,025.00 | MARKETING MATERIALS | MARKETING |
| T4563 | SPH ANALYTICS | 30,343.80 | PROVIDER AND MEMBER SATISFACTION SURVEYS | VARIOUS |
| T5226 | SAN MICHAEL PEDIATRICS INC. | 29,831.02 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T4873 | L5 HEALTHCARE SOLUTIONS, INC. | 29,374.47 | LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL | MIS INFRASTRUCTURE |
| T4663 | DEVELOPMENT DIMENSIONS INTERNATIONAL, INC. | 29,125.00 | 2020-2021 DEVELOPMENT DIMENSIONS INTERNATIONAL MASTER LICENSE FEE | HUMAN RESOURCES |
| T4182 | THE LAMAR COMPANIES | 27,610.00 | OUTDOOR ADVERTISEMENT-BILLBOARDS | ADVERTISING |
| T4960 | ZELIS CLAIMS INTEGRITY, LLC | 26,850.30 | POST EDITING SYSTEMS FOR CLAIMS PROCESSING | CLAIMS |
| T4216 | NEXSTAR BROADCASTING INC | 26,766.50 | ADVERTISEMENT - MEDIA | MARKETING |
| T3084 | KERN COUNTY-COUNTY COUNSEL | 26,682.11 | LEGAL FEES | ADMINISTRATION |
| T2232 | DLT SOLUTIONS, LLC | 25,733.63 | SQL LICENSES | MIS INFRASTRUCTURE |
| T3454 | DEPARTMENT OF MANAGED HEALTH CARE | 25,000.00 | ENFORCEMENT MATTERS | ADMINISTRATION |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|------------------------------------|--------------|---|-----------------------|
| T4654 | DELAWIE | 22,825.93 | 1ST QTR 2020 ARCHITECTURAL SERVICES | CAPITAL PROJECT |
| T4466 | SMOOTH MOVE USA | 21,979.22 | MOVING SERVICES | CORPORATE SERVICES |
| T4546 | LEVEL 3 COMMUNICATIONS, LLC | 21,169.97 | DISASTER RECOVERY, INTERNET, LONG DISTANCE CALLS | MIS INFRASTRUCTURE |
| T4228 | THE SSI GROUP, LLC. | 20,922.80 | EDI CLAIM PROCESSING | CLAIMS / MIS |
| T5240 | ACE EYECARE INC | 20,000.00 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |
| T2933 | SIERRA PRINTERS, INC. | 19,962.26 | PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS | VARIOUS |
| T1326 | WALKER-LEWIS RENTS | 19,330.99 | COVID19 TESTING SITE EQUIPMENT | MARKETING |
| T4607 | AGILITY RECOVERY SOLUTIONS INC. | 18,855.00 | LAPTOP'S & MONITOR'S RENTAL FOR EMPLOYEES WORKING FROM HOME | MIS INFRASTRUCTURE |
| T5022 | SVAM INTERNATIONAL INC**** | 17,856.00 | 2020 PROFESSIONAL SERVICES / CONSULTING SERVICES | BUSINESS INTELLIGENCE |
| T4239 | COAST TO COAST COMPUTER PRODUCTS | 17,615.71 | COMPUTER PRODUCTS & SUPPLIES | CORPORATE SERVICES |
| T4708 | HEALTH MANAGEMENT ASSOCIATES, INC. | 17,490.00 | CONSULTING SERVICES | ADMINISTRATION |
| T4962 | LIBERTY DATA, INC. | 17,100.00 | 2020 TAX NUMBER VALIDATION SERVICES | MIS INFRASTRUCTURE |
| T1650 | UNIVISION TELEVISION GROUP | 16,915.00 | ADVERTISEMENT - TELEVISION | MARKETING |
| T1097 | NCQA | 16,420.25 | HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDITATION | QUALITY IMPROVEMENT |
| T4016 | FIRST DATABANK, INC**** | 16,060.00 | 2020-2021 NATIONAL CODE DATABASE WITH THE GENERIC CODE NUMBER RENEWAL | MIS INFRASTRUCTURE |
| T4521 | PAYSCALE, INC. | 16,000.00 | COMPENSATION STUDY AND SALARY ANALYTICS | HUMAN RESOURCES |
| T5236 | BEST BEST & KRIEGER LLP | 15,389.24 | LEGAL FEES | ADMINISTRATION |

KERN HEALTH SYSTEMS

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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|--------------|--|-----------------------|
| T3448 | SYNERGY HEALTHCARE, INC.**** | 15,300.00 | ASTHMA PROGRAM GRANT | COMMUNITY GRANTS |
| T5030 | KHOA NGUYEN DBA KN CONSULTING LLC**** | 15,000.00 | GROUP PLAN PURCHASING PROJECT CONSULTING SERVICES | ADMINISTRATION |
| T1183 | MILLIMAN USA | 14,756.25 | CY2018/2019 RDT & IBNP CONSULTING - ACTUARIAL | ADMINISTRATION |
| T5201 | JAC SERVICES, INC. | 14,535.00 | SPRING 2020 AC MAINTENANCE & SERVICE | CORPORATE SERVICES |
| T2787 | SAGE SOFTWARE, INC | 14,381.75 | 2019-20 SAGE300 ERP SILVER BUSINESS ANNUAL LICENSE | FINANCE |
| T5159 | AT&T CORP | 14,318.80 | INTERNET SERVICES | MIS INFRASTRUCTURE |
| T5155 | A-C ELECTRIC COMPANY | 14,144.48 | BUILDING MAINTENANCE | CORPORATE SERVICES |
| T2562 | CACTUS SOFTWARE LLC | 14,131.31 | SOFTWARE LICENSE | MIS INFRASTRUCTURE |
| T4523 | BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA | 14,097.49 | EMPLOYEE PREMIUM | ADMINISTRATION |
| T1152 | MICHAEL K. BROWN LANDSCAPE & MAINTENANCE CO., INC. | 13,916.00 | 2020 BUILDING MAINTENANCE | CORPORATE SERVICE |
| T4195 | SCRIPPS MEDIA, INC. DBA KERO-TV | 13,575.00 | ADVERTISEMENT - TELEVISION | MARKETING |
| T1347 | ADVANCED DATA STORAGE | 12,581.34 | STORAGE AND SHREDDING SERVICES | CORPORATE SERVICES |
| T2938 | SAP AMERICA, INC | 12,308.32 | SAP BUSINESS OBJECTS SOFTWARE ANNUAL MAINTENANCE FEE | BUSINESS INTELLIGENCE |
| T4544 | BARNES WEALTH MANAGEMENT GROUP | 12,250.00 | RETIREMENT PLAN CONSULTANTS | ADMINISTRATION |
| T4052 | RAHUL SHARMA | 12,184.40 | PROVIDER QUALITY CARE GRANT | COMMUNITY GRANTS |



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

| Vendor No. | Vendor Name | Year-to-Date | Description | Department |
|------------|--|-------------------------|---|-----------------------|
| T5246 | ACCELEBRATE, INC. | 12,120.15 | ASP.NET CORE 3 DEVELOPMENT TRAINING | BUSINESS INTELLIGENCE |
| T5292 | ALL'S WELL HEALTH CARE SERVICES**** | 11,735.80 | TEMPORARY HELP | VARIOUS |
| T5161 | INTEGRATED HEALTHCARE ASSOCIATION**** | 11,553.75 | PROVIDER DIRECTORY DATA VERIFICATION SERVICES | PROVIDER RELATIONS |
| T5251 | PREVALENT, INC. | 11,412.25 | ANNUAL SAAS SUBSCRIPTION | MIS INFRASTRUCTURE |
| T4261 | KAISER FOUNDATION HEALTH PLAN -TX PPO | 11,165.76 | TX-PPO EMPLOYEE HEALTH BENEFITS | VARIOUS |
| T4932 | SPECTRUM REACH (MEDIA) | 11,107.80 | ADVERTISEMENT - TELEVISION | MARKETING |
| T3092 | LINKS FOR LIFE | 11,000.00 | COMMUNITY ACTIVITIES-SPONSORSHIP | MARKETING |
| T4683 | CLAUDIA M. BACA PROJECT MANAGEMENT CONSULTIN | 11,000.00 | PROJECT MANAGEMENT CONSULTING SERVICES | PROJECT MANAGEMENT |
| T2840 | ATALASOFT, INC. | 10,254.00 | DOT IMAGING RENEWAL | MIS INFRASTRUCTURE |
| T5277 | SUNBELT RENTALS, INC.**** | 10,172.92 | COVID-19 TESTING SITE SUPPORT-SPONSORSHIP | COMMUNITY ACTIVITIES |
| T5262 | YOUTH CONNECTION, INC. | 10,000.00 | COMMUNITY SPONSORSHIP | COMMUNITY ACTIVITIES |
| T5270 | ENFORCE, LLC | 10,000.00 | DAYFORCE OPTIMIZATION & CONSULTING SERVICES | HUMAN RESOURCES |
| | | 23,411,695.85 | | |
| | TOTAL VENDORS OVER \$10,000 | 23,411,695.85 | | |
| | TOTAL VENDORS UNDER \$10,000 | 723,942.53 | | |
| | TOTAL VENDOR EXPENSES- AUGUST | \$ 24,135,638.38 | | |

Note:

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

| Vendor Name | Contract Amount | Budgeted | Department | Department Head | Services that this vendor will provide to KHS | Effective Date | Termination Date |
|-----------------------------|-----------------|----------|------------|-----------------|---|----------------|------------------|
| January | | | | | | | |
| LinkedIn | \$52,000.00 | Yes | HR | Anita Martin | Online training for managed learners | 1/1/2020 | 12/31/2020 |
| Poppyrock Designs | \$40,800.00 | Yes | MRK | Louie Iturriria | Graphic Design Consultant of KHS/KFHC marketing materials | 1/1/2020 | 12/31/2020 |
| Jacquelyn S. Jans | \$55,200.00 | Yes | MRK | Louie Iturriria | Marketing and corporate image consultant | 1/1/2020 | 12/31/2020 |
| February | | | | | | | |
| Lifesigns | \$45,000.00 | Yes | HE | Isabel Silva | ASL Interpreting services for members | 2/23/2020 | 2/22/2021 |
| March | | | | | | | |
| Siria | \$68,118.00 | Yes | HR | Anita Martin | Document Management & Workflow services for HR | 3/1/2020 | 2/28/2021 |
| Entisys | \$99,945.63 | Yes | IT | Richard Pruitt | Nutanix Xi Leap Cloud Service | 3/23/2020 | 3/22/2021 |
| Bynum Inc | \$42,500.00 | Yes | PR | Emily Duran | Post construction consulting services | 3/23/2020 | 3/22/2021 |
| April | | | | | | | |
| CDW-G | \$44,942.40 | Yes | IT | Richard Pruitt | Ninety (90) new IYR Cisco Unified licenses with support | 4/6/2020 | 4/5/2021 |
| Hall Letter Shop | \$47,921.92 | Yes | MS | Nate Scott | Print and mail COVID19 letters to KHS households | 4/6/2020 | 4/30/2020 |
| Agility Recovery | \$30,000.00 | Yes | IT | Richard Pruitt | Rental of Laptops | 4/30/2020 | 8/1/2020 |
| SHI | \$64,913.60 | Yes | IT | Richard Pruitt | Cisco Smartnet co-term and 70 new licenses | 4/23/2020 | 4/22/2021 |
| May | | | | | | | |
| Dell | \$40,258.32 | Yes | IT | Richard Pruitt | Six (6) new VMware licenses with maintenance and support | 5/1/2020 | 4/30/2025 |
| June | | | | | | | |
| Milliman | \$50,000.00 | Yes | ACCT | Robin Plumb | Actuarial Services (IBNP, ACA OE MLR, CMS ACA OE Audit) | 6/1/2020 | 5/31/2021 |
| MCG | \$51,277.31 | Yes | UM | Deborah Murr | Medical Care Clinical Guidelines (one month extension) | 6/4/2020 | 7/4/2020 |
| Edrington Health Consulting | \$95,000.00 | Yes | ACCT | Robin Plumb | Actuarial Services (RDT, SDRs & Rate Analysis) | 6/1/2020 | 5/31/2021 |
| Entisys360 | \$57,162.37 | Yes | IT | Richard Pruitt | Nutanix AOS Single Node | 6/24/2020 | 6/23/2023 |
| July | | | | | | | |
| Entisys360 | \$89,706.06 | Yes | IT | Richard Pruitt | Nutanix AOS 2 Nodes | 7/9/2020 | 7/8/2023 |
| FluidEdge | \$72,800.00 | Yes | PM | Angela Ahsan | Three month extension for Corry K. | 6/31/20 | 9/30/2020 |
| August | | | | | | | |
| Coffey Communications | \$69,677.50 | Yes | HE | Isabel Silva | Member Newsletter two times a year | 8/15/2020 | 8/14/2021 |
| Solution Bench | \$33,814.59 | Yes | IT | Richard Pruitt | Mfiles subscription based license fee | 8/1/2020 | 7/31/2021 |

KHS Board of Directors Meeting, October 15, 2020

| 2020 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 | Enterprise Logging | EXP | \$18,480 | \$0 | \$550 | \$0 | \$0 | \$0 | \$0 | \$8,690 | \$9,207 | | | | | \$18,447 | \$33 | |
| 2 | BizTalk Upgrade | EXP | \$14,705 | \$5,100 | \$4,590 | \$4,845 | | | | | | | | | | \$14,535 | \$170 | |
| 3 | ZD - Clinical Engagement | CAP | \$12,500 | \$0 | \$4,118 | \$5,400 | \$2,633 | | | | | | | | | \$12,150 | \$350 | |
| 4 | QNAV Upgrade with Network and CES KB Update | EXP | \$500 | \$0 | \$0 | \$468 | \$0 | | | | | | | | | \$468 | \$32 | |
| 5 | Hospital Directed Payments (HDP)/Encounters | EXP | \$14,705 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$306 | \$1,687 | | | | | \$3,893 | \$12,812 | |
| 6 | HHP 2020 - CSV Health Homes | CA | \$136,090 | \$28,448 | \$29,143 | \$12,273 | \$6,695 | \$2,833 | \$15,680 | \$12,530 | \$3,554 | | | | | \$111,156 | \$24,934 | |
| 7 | HHP - Member Engagement | CA | \$18,000 | \$0 | \$1,442 | \$7,501 | \$824 | \$4,928 | \$2,700 | | | | | | | \$17,395 | \$606 | |
| 8 | Enterprise Data Warehouse | CA | \$757,000 | \$58,640 | \$53,835 | \$62,480 | \$62,355 | \$56,800 | \$61,730 | \$62,668 | \$72,400 | | | | | \$490,908 | \$266,093 | |
| 9 | HHP 2020 - Distributive Model | CA | \$183,810 | \$0 | \$412 | \$6,956 | \$14,983 | \$15,726 | \$15,371 | \$23,894 | \$45,612 | | | | | \$122,953 | \$60,857 | |
| 10 | Disaster Recovery and Business Continuity Test | CA | \$446,200 | \$56,200 | \$51,475 | \$54,950 | \$50,960 | \$31,920 | \$46,900 | \$26,880 | \$25,200 | | | | | \$344,485 | \$101,715 | |
| 11 | Rx PBM Transition | EXP | \$70,860 | | | | | \$0 | \$0 | \$0 | \$6,417 | | | | | \$6,417 | \$64,443 | |
| 12 | Auto Adjudication Enhancements | CA | \$688,240 | \$40,480 | \$19,440 | \$21,120 | \$35,110 | \$59,532 | \$61,379 | \$51,196 | \$54,030 | | | | | \$342,287 | \$345,953 | |
| 13 | MCAS Member Engagement | CA | \$166,160 | | | | \$5,880 | \$18,970 | \$2,520 | \$30,983 | \$30,890 | | | | | \$89,243 | \$76,917 | |
| 14 | Specialty Med Mgmt. | CA | \$10,395 | | | \$945 | \$9,450 | \$0 | | | | | | | | \$10,395 | \$0 | |
| 15 | Interoperability | CA | \$244,660 | | | | | \$0 | \$2,781 | \$4,120 | \$21,108 | | | | | \$28,009 | \$216,651 | |
| 17 | Staff Augmentation | EXP | \$1,182,965 | \$97,401 | \$88,136 | \$112,134 | \$112,859 | \$114,134 | \$107,929 | \$103,320 | \$74,506 | | | | | \$810,418 | \$372,547 | |
| Totals: | | | \$3,965,270 | \$286,269 | \$253,141 | \$289,072 | \$301,748 | \$304,841 | \$316,990 | \$324,487 | \$344,611 | \$0 | \$0 | \$0 | \$0 | \$2,421,158 | \$1,544,112 | |

*Note: State's projects being re-organized due to mid-year changes.

Updated 9/22/20

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
October 15, 2020**

| Legal Name DBA | Specialty | Address | Comments | Contract Effective Date |
|---|------------------------------|--|--|--------------------------------|
| PAC 09/03/2020 | | | | |
| Robert Christopher Johnson Clinical Behavior LLC | ABA | 1820 Weiman Ave Ridgecrest CA 93555 | | 10/1/2020 |
| PAC 10/07/2020 | | | | |
| Acceleration Behavioral Therapies | ABA | 1430 Truxtun Ave 5th Flr Bakersfield CA 93301 | New Group- Existing Credentialed Providers | 11/1/2020 |
| Adventist Health - Tehachapi Valley | Multi-Specialty | 105 W. E Street Tehachapi 2041 Belshaw St. Mojave 9350 N. Loop Blvd Cal City | Adding Multi-Specialty Contract - Existing Providers | 11/1/2020 |
| Ajitpal S. Tiwana, MD | PCP (FP/IM) | 2700 F Street Ste. 100 Bakersfield CA 93301 | New TIN - Existing Credentialed Providers | Retro-Eff 10/1/2020 |
| Amwest Ambulance | Transportation | 12357 Saticoy Street North Hollywood CA 91605 | NEMT | 11/1/2020 |
| Antelope Valley Supportive Care & Hospice | Hospice & Palliative Care | 1505 West Ave J Ste. 303 Lancaster CA 93534 | | 11/1/2020 |
| Evan Dimmitt dba: Evan Dimmitt MD | Physical Medicine & Rehab | 5001 Commerce Drive Bakersfield CA 93309 | | 11/1/2020 |
| In Rhythm Non Emergency Medical Transportation Inc | Transportation | 2117 D Street Bakersfield CA 93301 | NEMT | 11/1/2020 |
| Mayowa Olugbami dba: Pine Medical Transport | Transportation | 602 H Street Ste. 120 Bakersfield CA 93304 | NEMT | 11/1/2020 |
| Parkside Congregate Living, Inc. | SNF/CLF | 304 Haggin Street Bakersfield CA 93309 | | 11/1/2020 |
| Philip Rosenthal MD PC | Neurosurgery | 2323 16th Street Ste. 407 Bakersfield CA 93301 | New TIN - Existing Credentialed Provider | 11/1/2020 |

**KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
October 15, 2020**

| Legal Name DBA | Specialty | Address | Comments | Effective Date |
|--|------------------|--|--|---------------------------|
| Fritch Eye Care Medical Center | Ophthalmology | 8501 Brimhall Ste. 402 Bakersfield, CA 93312 | Provider retired and sold business to CHA Medical Group who became contracted | 6/2/2020 |
| Comprehensive Medical Laboratories, Inc. | Laboratory | 1824 Norris Rd Ste. 200 Bakersfield CA | Site Closed | 6/5/2020 |
| Donald Cornforth, MD Inc | Radiology | 2615 Eye Street Bakersfield CA 93301 | Retirement | 8/24/2020 |
| Arnold Lim Do Inc | Orthopedics | 300 Old River Road, Bakersfield, CA 93311 | Provider moving out of Kern County | 9/2/2020 |
| Harjeet Singh, MD Inc. | Family Practice | 2415 Niles Street Bakersfield CA 93306 | Change of Ownership | 9/30/2020 |
| A Linn Medical Practice | OB/GYN | 4000 San Dimas St Ste. 2 Bakersfield CA 93301 | Business Closed | 9/30/2020 |
| San Joaquin Valley Pulmonary Medical Group (AKA: Mushtaq Ahmed MD et al) | PCP/Specialty | 3801 San Dimas Street Bakersfield CA 93301 | Contractual Termination - 60-day no cause | 11/3/2020 |



TO: KHS Board of Directors
FROM: Alan Avery, COO
DATE: October 8, 2020
RE: 3rd Quarter 2020 Operations Report

The Kern Health Systems operational departments continue to work remotely during the 3rd Quarter in over 400 unique locations, providing quality customer service and meeting all regulatory and KHS performance goals.

Claims

Incoming claims receipts for the 3rd Quarter increased by 84,000 claims, reflecting a 13% increase over the 2nd Quarter claims volume, nearly reaching pre-COVID levels. We attribute this increase to improved access by providers to outpatient visits either in person or virtual via telehealth visits. We have broken another record this quarter, having received 96% of incoming claims electronically, and only receiving 4% of the claim volume on paper. This is an amazing accomplishment which allows us to increase our processing efficiency. The claims department continues to meet and often exceeds all regulatory payment requirements for the quarter—including claims processing timeliness and inventory measures. Auto adjudication of claims, meaning claims received and processed without any manual intervention, increased significantly during the quarter—reaching a high of 84%. As we increase electronic claims submissions along with auto adjudication, providers will experience quicker and accurate claims payments. Even though this is a remarkable achievement, the claims department continues to work closely with the configuration, information technology and provider network management departments to maintain if not increase this level of service to continue to improve our overall quality and efficiency.

Member Services

Similar to the increase in claim receipts in the 2nd Quarter, Member Services experienced 66,882 incoming calls, a 17% increase in the total number of member and provider calls during the 3rd Quarter. Daily incoming call volume also appears to be returning to pre-COVID levels. The top five reasons for members calling Member Services continues to remain the same:

- (1) New member questions
- (2) Primary Care Physician changes
- (3) Demographic updates or corrections
- (4) ID Card replacement requests
- (5) Specialty referral authorization status

All top five reasons for incoming calls could easily be handled by the member via the Member Portal and we continue to encourage members to sign onto the portal and use the self-service tools. During the 3rd quarter, Member Services received 3,347 new member portal account enrollments, for a total of 30,106 member accounts. This equates to over 11% of our members with online accounts compared to industry standard of 4%. Member Service Representatives continue to encourage members to sign up for a member portal account whenever they call.

Provider Relations

Even though the Primary Care Network remained relatively flat during the 3rd quarter, the Specialty Network grew by almost 4% during the same time period. Provider terminations were minimal—similar to previous quarters with only a 1.44% reduction. Appointment availability for primary care providers continued to meet the regulatory standards @ 9.0 days for PCP visits and 8.52 days for specialty care provider visits.

Human Resources

During the 3rd Quarter, the Human Resources Department continued to support the departments in meeting their recruitment and staffing needs. During the quarter staffing reached 422 employees compared to a budget of 442. Employee turnover continued to be extremely low with only 6.69% year to date.

Grievance Report

Along with increased incoming member calls and claim volumes, we also encountered a slight increase in the overall Formal Grievances for the 3rd Quarter. The two areas of increase (Access to Care and Potential Inappropriate Care) were the same two areas we experienced a decrease in the second quarter. Therefore, we are not concerned with this increase as both areas are trending well throughout the year.

Exempt Grievances also experienced a slight increase during the 3rd quarter but are still lower than pre-COVID trends. Exempt Grievances are primarily simple service related complaints, usually when the member doesn't want to file a formal complaint. They can usually be easily resolved the same day without significant research or follow up. These include such things as PCP changes or complaints about the physical nature of the office or staff. The Grievance Department tracks and trends these by provider and results are reviewed by the KHS Physicians Advisory Committee as part of the recredentialing process.

Part two of the Grievance Report is the disposition of the Formal Grievances. This report indicates what decision was made by the KHS Grievance Committee regarding the Formal Grievances. The reporting format changed during the 2nd Quarter following a recent DMHC audit recommendation to change our workflow and forward all Potential Inappropriate Care (formerly entitled Quality of Service) grievances to the KHS Quality Department for further review, investigation and resolution. As the report indicates, 263 PIC Formal Grievances were forwarded to the Quality Department, 135 were investigated and QI upheld the decision, 101 are still under review and 27 upheld the position of the member. The other major category was Medical Necessity where 152 cases the decision of the Grievance Committee was upheld, 83 grievance decision was reversed in favor of the member and 53 cases were still under review. The primary reason for overturning the original decision of the grievance occurs when we receive additional supporting documentation from the member or the provider.

Transportation Update

Transportation activity during the 3rd quarter increased slightly over 2nd Quarter but nowhere close to pre-COVID ridership level. The majority of the 3rd quarter growth was in the UBER ride share category. A new category has been added to the report to track the Golden Empire Transit van ride share. As of August 1st, GET has dedicated several wheelchair accessible vans to exclusively serve KHS members. We are encouraged by this new partnership with GET to increase NEMT access to our members.



**2020 3rd Quarter
Operational Report**

Alan Avery
Chief Operating Officer

3rd Quarter 2020 Claims Department Indicators

| Activity | Goal | 3 rd Quarter | Status | 2 nd Quarter | 1 st Quarter | 4 th Quarter 2019 | 3 rd Quarter |
|---------------------------------|------|-------------------------|--------|-------------------------|-------------------------|------------------------------|-------------------------|
| Claims Received | | 752,017 | | 667,768 | 843,576 | 785,806 | 788,199 |
| Electronic | 85% | 96% | | 94% | 95% | 93% | 93% |
| Paper | 15% | 4% | | 6% | 5% | 7% | 7% |
| Claims Processed Within 30 days | 90% | 96% | | 96% | 93% | 93% | 92% |
| Claims Processed within 45 days | 95% | 99% | | 99% | 99% | 95% | 98% |
| Claims Processed within 90 days | 99% | 99% | | 99% | 99% | 99% | 99% |
| Claims Inventory-Under 30 days | 96% | 99% | | 98% | 98% | 97% | 95% |
| 31-45 days | <3% | <1% | | 1% | 1% | 2% | 4% |
| Over 45 days | <1% | <1% | | 1% | 1% | 1% | 1% |
| Auto Adjudication | 82% | 84% | | 80% | 82% | 82% | 81% |
| Audited Claims with Errors | <3% | 2% | | 2% | 2% | 2% | 2% |
| Claims Disputes | <5% | 1% | | 1% | 1% | 1% | 1% |

3rd Quarter 2020 Member Service Indicators

| Activity | Goal | 3 rd Quarter | Status | 2 nd Quarter | 1 st Quarter | 4 th Quarter | 3 rd Quarter |
|--------------------------------|-------|--|--------|---------------------------|---------------------------|-------------------------|-------------------------|
| Incoming Calls | | 66,882 | | 57,207 | 77,452 | 74,441 | 81,107 |
| Abandonment Rate | <5% | 2.6% | | 1.0% | 1.6% | 3.2% | 2.6% |
| Avg. Answer Speed | <2:00 | :26 | | :05 | :19 | :34 | :28 |
| Average Talk Time | <8:00 | 7:52 | | 7:38 | 7:26 | 7:24 | 7:00 |
| Top Reasons for Member Calls | Trend | <ol style="list-style-type: none"> 1. New Member 2. PCP Change 3. Demographic 4. Referrals 5. ID Card | | Same | Same | Same | Same |
| Outbound Calls | Trend | 78,915 | | 86,206 | 103,634 | 97,467 | 97,172 |
| # of Walk Ins | Trend | 0 | | 0 | 545 | 436 | 381 |
| Member Portal Accounts-Q/Total | 4% | 3347 30,106 (11.19%) | | 2500 26,758 (10.3%) | 2778 24,257 (9.75%) | 2864 21,480 | 3625 18,544 |

3rd Quarter Provider Network Indicators

| Activity | Goal | 3 rd Quarter | Status | 2 nd Quarter | 1 st Quarter | 4 th Quarter | 3 rd Quarter |
|-------------------------|-------------------|---|--------|--|--|--|--|
| # of PCPs | Maintain | .99% | | .75% | 3.35% | 0% | 0% |
| # of Specialists | >1% growth | 3.78% | | <.68%> | 6.16% | 4.4% | 1.1% |
| % Provider Terminations | <5% term | 1.44% | | 2.05% | 1.97% | 2.23% | .94% |
| Termination Reasons | | 67%-left group 10%-retired 10%-termed 7%-relocated 3%-site closed 3%-no reason | | 76% left group 8%-Term 6% Site Closed 4% resigned 2% retired 2% illness 2% no reason given | 71%-Left Group 13%-Site Closed 6%-term 4%-Resigned 2%-Death 4%-Retirement | 43%-Left Group 40%-Site Closed 8%-term 3%-Resigned 2%-Death 2%-Practice Sold 2%-Retirement | 71%-Left Group 14%-Term 5%-Retired 5%-Practice sold |
| Appointment Survey | Average wait time | | | | | | |
| PCP | < 10 days | 9.0 Days | | 9.8 Days | 4.4 Days | 3.14 Days | 3.7 Days |
| Specialty | < 15 days | 8.52 Days | | 5.4 Days | 3.1 Days | 5.33 Days | 5.7 Days |

3rd Quarter Human Resources Indicators

| Activity | Budget | 3 rd Quarter | Status | 2 nd Quarter | 1 st Quarter | 4 th Quarter | 3 rd Quarter |
|-------------------|-------------|-------------------------|--------|-------------------------|-------------------------|-------------------------|-------------------------|
| Staffing Count | 442 | 422 | | 423 | 418 | 406 | 397 |
| Employee Turnover | 12% | 6.69 | | 5.28% | 6.71% | 8.90% | 11.36% |
| Turnover Reasons | Voluntary | 80.94% | | 72.8% | 85.7% | 82.9% | 81% |
| | Involuntary | 9.53% | | 18.1% | 14.3% | 17.1% | 19% |
| | Retired | 9.53% | | 8.1% | 0% | 0% | 0% |

3rd Quarter 2020 Grievance Report

| Category | Q3 2020 | Status | Issue | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|---|-------------|--------|--|---------|---------|---------|---------|
| Access to Care | 52 | | Appointment Availability | 33 | 53 | 56 | 34 |
| Coverage Dispute | 0 | | Authorizations and Pharmacy | 0 | 0 | 0 | 3 |
| Medical Necessity | 288 | | Questioning denial of service | 246 | 225 | 187 | 214 |
| Other Issues | 10 | | Miscellaneous | 11 | 36 | 14 | 16 |
| Potential Inappropriate Care | 263 | | Questioning services provided. All cases forwarded to Quality Dept. | 207 | 273 | 323 | 65 |
| Quality of Service | 5 | | Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department | 8 | 2 | 0 | 0 |
| Total Formal Grievances | 618 | | | 505 | 589 | 580 | 332 |
| Exempt** | 1041 | | Exempt Grievances- | 989 | 1620 | 1140 | 1515 |
| Total Grievances (Formal & Exempt) | 1659 | | | 1494 | 2209 | 1720 | 1847 |

Additional Insights-Formal Grievance Detail

| Issue | 3 rd Quarter Grievances | Upheld Plan Decision | Further Review by Quality | Overtured Ruled for Member | Still Under Review |
|------------------------------|------------------------------------|----------------------|---------------------------|----------------------------|--------------------|
| Access to Care | 35 | 4 | 0 | 20 | 11 |
| Coverage Dispute | 0 | 0 | 0 | 0 | 0 |
| Specialist Access | 17 | 8 | 0 | 6 | 3 |
| Medical Necessity | 288 | 152 | 0 | 83 | 53 |
| Other Issues | 10 | 5 | 0 | 4 | 1 |
| Potential Inappropriate Care | 263 | 135 | 101 | 27 | 0 |
| Quality of Service | 5 | 3 | 0 | 1 | 1 |
| Total | 618 | 307 | 101 | 141 | 69 |

3rd Quarter 2020 Transportation Update

| Operational Statistics | Q3 2020 | Q2 2020 | Q1 2020 | Q4 2019 | Q3 2019 |
|-------------------------|---------------------|------------|------------|------------|------------|
| ALC Calls | 81,359 | 73,726 | 128,968 | 134,982 | 157,239 |
| One Way Rides Scheduled | 78,988 | 70,522 | 127,434 | 135,394 | 148,731 |
| NMT | 48,245 | 40,956 | 95,530 | 100,840 | 113,649 |
| Bus Passes Distributed | 989 | 1,055 | 3,101 | 2,575 | 3,678 |
| GET Van Share | 1094 | | | | |
| Ride Share Rides | 46,162 | 39,901 | 92,429 | 97,422 | 109,971 |
| No Shows | 3396 | 3,613 | 6,537 | 6,292 | 6,738 |
| NEMT | 30,743 | 29,566 | 33,191 | 34,554 | 35,082 |
| Van Rides Scheduled | 29,958 | 28,981 | 32,484 | 33,958 | 34,442 |
| Gurney Rides Scheduled | 785 | 585 | 707 | 596 | 640 |
| Member Reimbursement | 1930 | 1,752 | 4,011 | 1,762 | 1,419 |
| ALC Admin Expense | \$459,741.50 | \$414,731 | \$753,478 | \$775,838 | \$812,661 |



To: KHS Board of Directors

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

Date: October 15, 2020

Re: CMO BOARD REPORT

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The utilization and cost of physician services by the SPDs continue to trend higher than budget despite the reduction in utilization of services due to the pandemic. Since August 2020, we have return to pre –pandemic utilization of professional services.

The most frequent diagnosis for physician services for all aid categories is a wellness exam and the group of services that are related to management of hypertension and diabetes. KHS has a Diabetes Prevention Program with a goal of preventing or delaying the progression to Diabetes for members who are currently pre-diabetic. The exposure to a communicable disease and COVID-19 is the third group of diagnoses driving the use of professional services.

Pervasive developmental disorders (Autism) is now the 4th diagnosis for all the combined AID codes. With the new changes in BHT requirements this would become a very high expense diagnosis for the health plan. The BHT services were moved to virtual consults so members with autism can continue to get these critical services during the pandemic.

Pharmacy

The monthly cost and utilization per enrollee for all aid categories has remained stable and there was no reduction in pharmacy utilization as was noted in other clinical areas. We have continued to analyze utilization patterns and cost of utilization to identify ways to better manage this benefit.

Some of our pharmacy intervention programs initially increase use of appropriate medications. This is acceptable since it contributes significantly to stabilizing their medical condition and in the long-term will reduce the need for ER visits or hospitalization.

We continue to work with the Pharmacy and Therapeutic Committee to identify less expensive bioequivalent formulations of expensive medications when available to add to our formulary.

Inpatient Services

The composite PMPM, for all aid codes are running close to budget. Cost per hospital day remains high while bed days are lower than budget. Average lengths of stay per hospital admission is well below budget while admissions are starting to trend upward. This is expected to continue due to flu season and COVID -19 impact. The top inpatient admission diagnosis for SPD and the Expansion populations for August 2020 is for Covid-19 treatment. The top hospital used for inpatient services remains Bakersfield Memorial hospital (**Attachment B**).

The C/Section rate is 15 % in July 2020 and continues to be below State average for low risk, first birth deliveries (**Attachment C**). For the month of July 2020 most of our deliveries occurred at BMH with KMC a close second. The category titled “Other” is a composite of a few hospitals. This will be delineated further in future reports. August’s births appear to be low. This is due to the delay between the birth occurring and receiving the hospital claim from which our count is taken.

Hospital Outpatient

Hospital outpatient utilization was very low in March, and April. However, with the return to elective procedures in May, we have experienced a significant increase in outpatient procedures for all Aid categories. The numbers are much higher than pre-pandemic. This may indicate patients are receiving services deferred during the “stay at home order” from the state. Additionally, some of the outpatient hospital utilization could be due to COVID-19 cases classified as “observation” days which fall under hospital outpatient care since these patients aren’t officially admitted.

Emergency Room (ER)

We saw a significant drop in ER utilization at the beginning of the pandemic with the stay at home orders. However, with the lifting of the stay at home orders the utilization of ER in August is back to pre-pandemic levels and is trending upwards. COVID-19 is the second reason for ER visit for all the Aid codes combined. Most of the ER visits are occurring at BMH with Mercy and MSW hospital a close second (**Attachment D**).

Managed Care Accountability Set (MCAS) (Attachment E)

MCAS is a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The purpose of this report is to show, in “real time”, how KHS is performing year-to-date in most measurement categories. For the most part, the data for this report is based on information from medical service claims.

Each measurement count requires a patient encounter specific to service(s), that when performed, will indicate the measurement was met for that patient. All KHS members identified as having the medical condition associated with the measurement represent the denominator. When members receive service(s), it is recorded as “compliant” becoming part of the numerator. The level of achievement is shown as the percentage (%) of members receiving the required (service(s)). The minimum target performance percentage (MPL) is established by DHCS each year and the previous year's MPL is used here to determine how well our HEDIS program performs against this standard.

The MCAS measures are divided into two groups: administrative only and hybrid measures. The calculation for the administrative measures is based strictly on claims and encounter data. For the hybrid measures, the Plans are allowed to look into the actual medical records of the members and see if the required services were provided but not coded or billed correctly to be captured in claims or encounter data.

The stay home order in March 2020, had a negative impact on data collection for the hybrid measures. The order occurred in the middle of our 2020 medical records review and abstraction cycle. The doctors' offices were closed and even those that were open had very limited staff and their priority, as expected, was to their patients.

The DHCS recognized this challenge and decided that the health plans would not be held accountable for the MPLs for reporting year 2020 and not publicly report the performance of the Health Plans.

Attachment E shows a summary of each measurement year- to- date. It is color coded in green when current rate is on or above previous year trending rate, yellow when below previous year's trending rate (but statistically in line with expectation) and red when below previous year's trending rate and if continued, could fail to meet the minimum standard set by the State. Since the final MCAS tally does not occur until the end of the reporting period (12/2020), using historical performance for the same month in the prior year, enables staff to project year-end results for the measured period. Measurements showing “red” enables staff to know where they need to boost their effort to bring this measurement back in line with expectation while there is still time.

Of the 33 MCAS measures displayed here, 13 measures are in green and on target to meet expectation. There are 10 measures in yellow show a 5% or less variance to the previous year's rate and 10 that are in the red.

We are working very closely with the providers and members and hope that with our back to care campaign initiatives, we will be able to keep the green, green and move some of the yellows and reds to green. The measuring year 2020 is a challenging year because of the pandemic and its impact on lowering the volume of physician office visits.

COVID-19's Impact on KHS:

The Challenge

The Coronavirus presented unique challenges since there is no cure or vaccine. Only through an abundance of caution and social discipline, would the virus be contained. Proving too challenging, the virus spread and would have a serious impact on our members as noted in the following statistics:

- As of September 1, 2020, our records indicate over 11,000 members have been tested.
- Of all the patients tested, 44.1% tested positive.
- Of all the positive tests, 79% of the members were of Hispanic. The Hispanic community represents 63% of our membership.
- We have had 486 admission to acute care hospitals with a daily average census between 35 to 40 patients. Most admission occurred among the 51 and 65-year-old population. 46% were male and 54% female.
- Cost of hospital care to KHS members for treating COVID -19 patients exceeded \$16 million over the first 5 months of tracking the disease.
- Trends show the virus plateauing. Currently, the daily census is around 25 members in the hospital.

Unconventional Approach for Meeting Member's Needs

The COVID-19 pandemic brought with it many requirements from State and Federal officials necessitating novel and innovative approaches for identifying and treating our members who contracted the disease. This was accomplished by:

1. Ensuring member access to testing by supporting testing sites and paying for services related to testing and treatment without prior authorization.
2. Providing safe locations for members waiting for results or those who tested positive but could not self-quarantine at home

3. Arranging for a recuperative care facility to be created for our homeless members admitted for non COVID diagnosis.
4. Extending medication supplies for maintenance drugs from 60 to 90 days and arranged for home delivery of medications for high risk patients.
5. Expanding the medical supplies benefit to include disinfectant solutions and wipes.
6. Compensating providers for telehealth services in lieu of onsite office visits for our members
7. Adding a 24/7 coronavirus specific physician advice line to answer questions, educate our members on the pandemic and direct them in to be tested in compliance with the CDC guidelines.
8. Identifying alternative facilities for members who needed skilled nursing care when skilled Nursing Facilities were closed to new patients.
9. Creating a “most vulnerable members watch list” to make sure their medical and psychosocial needs were being met.
10. Expanding member health education classes around pandemic related issues and instruction.
11. Embarking on an ambitious member and provider outreach program to encourage members return to their doctors and continue their care. Some of the evidence for the need for this program are seen in the following data:
 - 22,000 clinical service authorizations for physician consultations that have gone unused
 - A significant increase in mental health telehealth visits from under 200 in February to over 1000 in July illustrating the anxiety and personal struggles members are having with the pandemic or fall out from the pandemic
 - Significant reduction in well child visits, preventive services, screenings and routine checkups from members concerned for their safety when visiting their physician’s office.

Conclusion

Using both conventional and unconventional means, KHS continues to work with our providers, community partners and our members to ensure that our members get the services they need during this difficult time and beyond.



Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)



Governed Reporting System

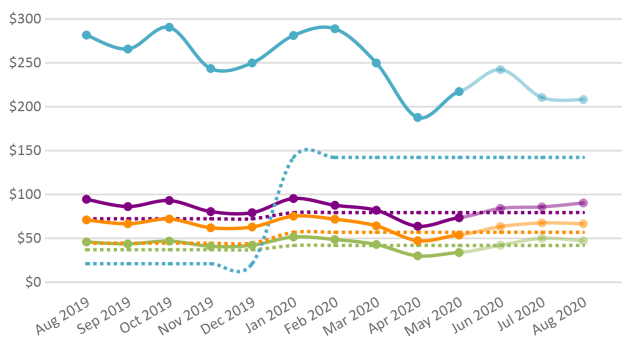


Physician Services

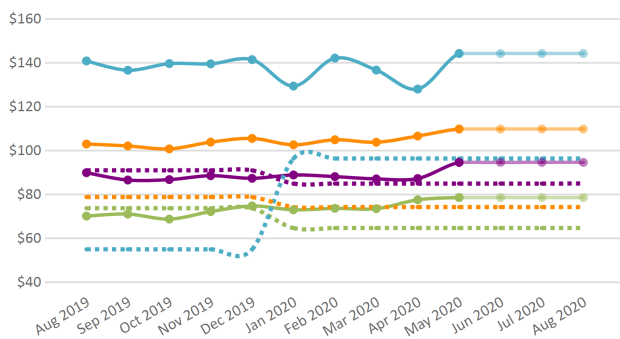
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

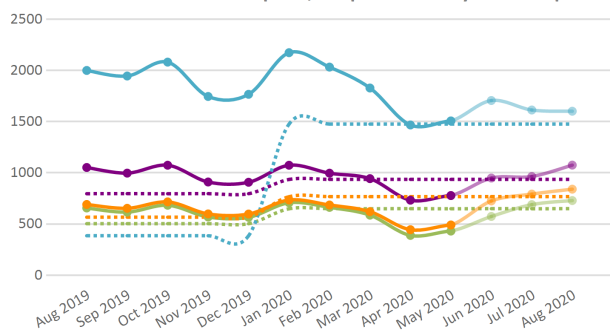
Professional Services Incurred by Aid Group PMPM



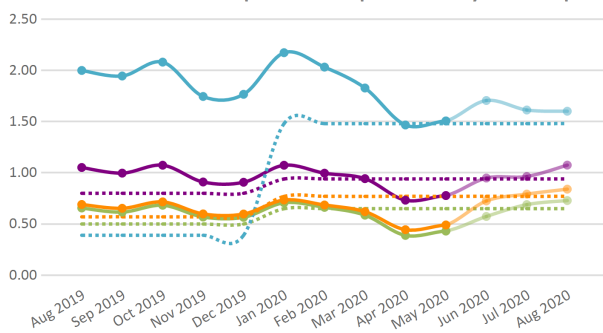
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group





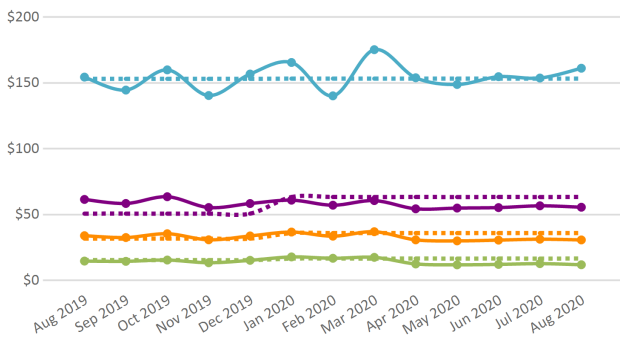
Governed Reporting System

Pharmacy

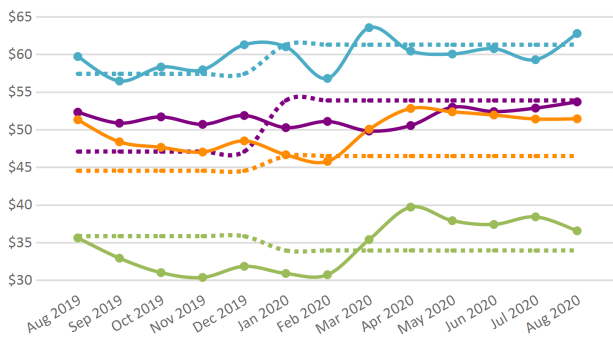
(Includes: Claims paid by PBM)

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

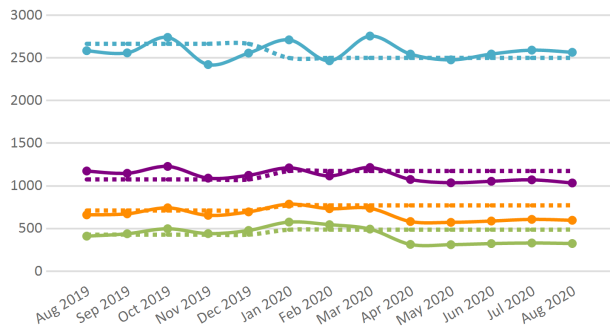
Pharmacy Services Incurred by Aid Group PMPM



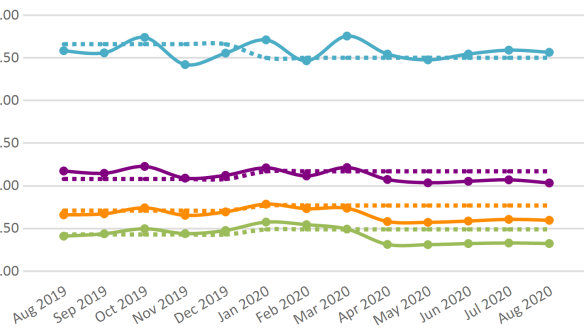
Cost per Script by Aid Group



Incurred Scripts per 1,000 per Month by Aid Group



Pharmacy Services Incurred per Member per Month by Aid Group





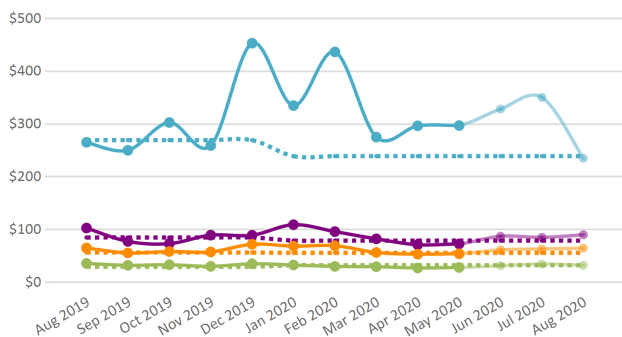
Governed Reporting System

Inpatient

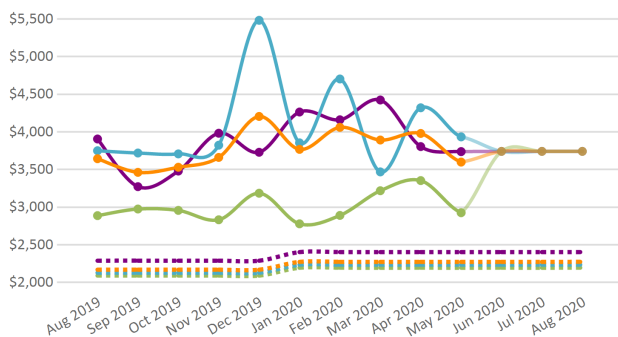
(Includes: Inpatient Hospital Claims)

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

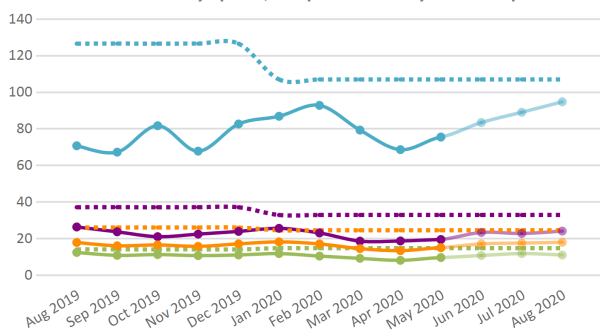
Inpatient Services Incurred by Aid Group PMPM



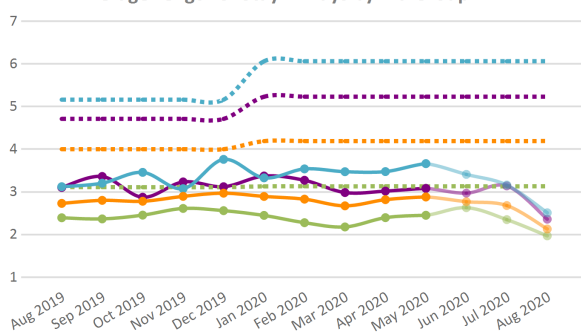
Cost Per Bed Day by Aid Group



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



Average Length of Stay in Days by Aid Group





Governed Reporting System

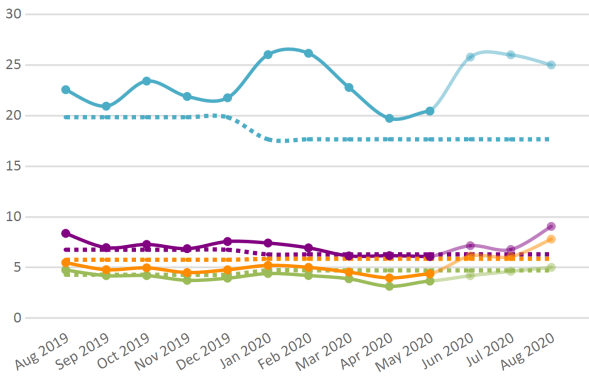


Inpatient

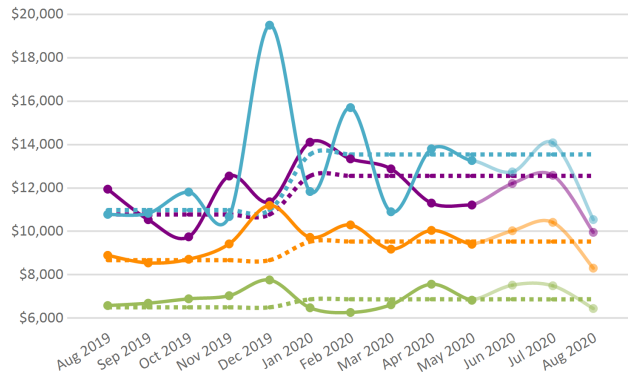
(Includes: Inpatient Hospital Claims)

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

Incurring Admits per 1,000 per Month by Aid Group



Cost per Admit by Aid Group





Governed Reporting System

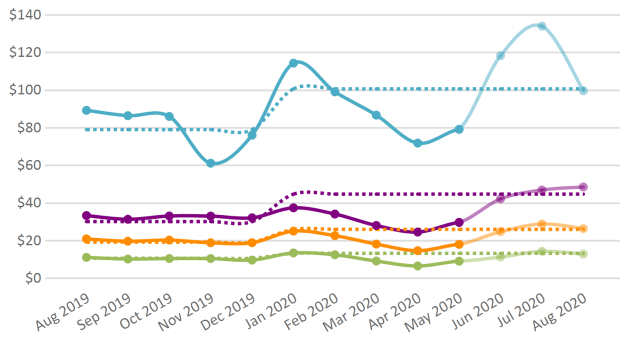


Outpatient Hospital

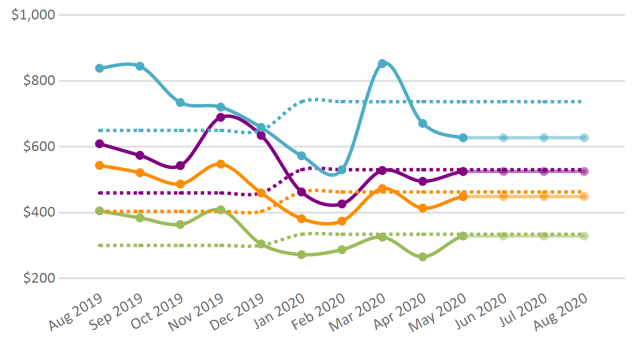
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

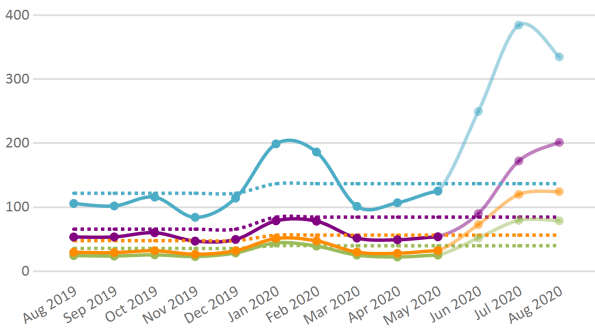
Outpatient Services Incurred by Aid Group PMPM



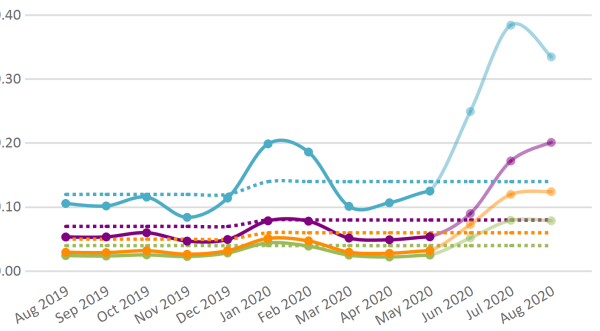
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



Outpatient Visits per Member per Month by Aid Group





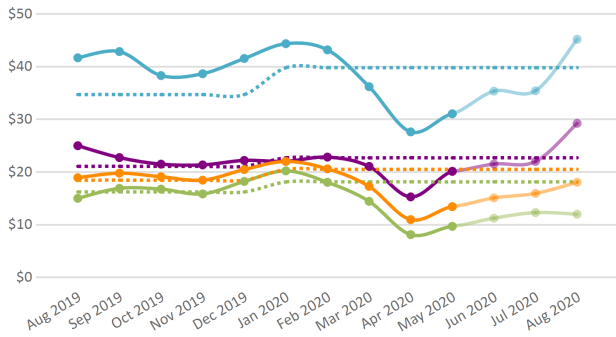
Governed Reporting System



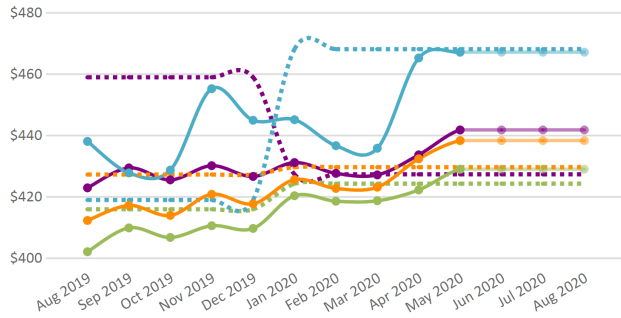
Emergency Room

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

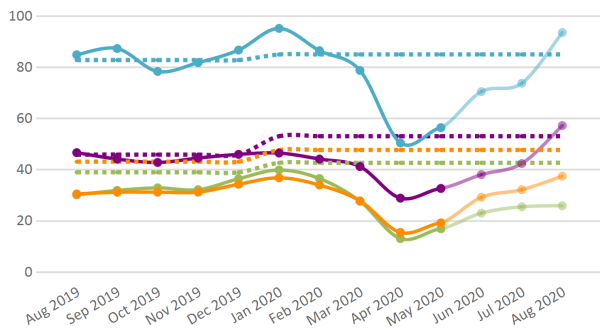
ER Services Incurred by Aid Group PMPM



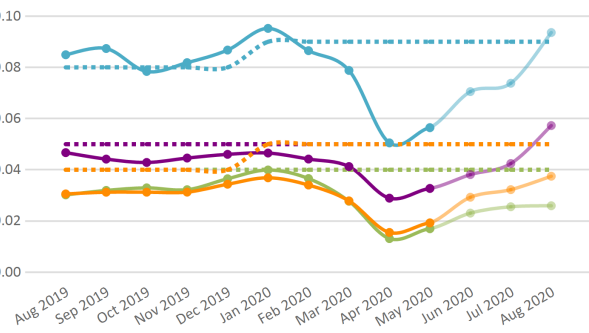
Cost Per ER Visit by Aid Group



ER Visits per 1,000 per Month by Aid Group



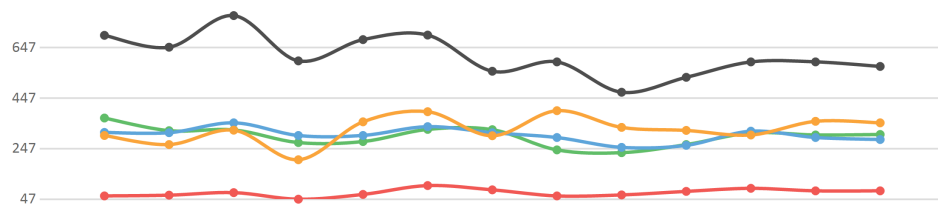
ER Visits per Member per Month by Aid Group



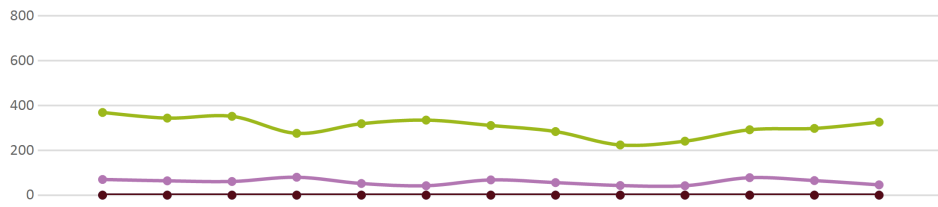


Governed Reporting System

Inpatient Admits by Hospital



| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 695 | 648 | 773 | 594 | 678 | 696 | 553 | 590 | 470 | 529 | 590 | 590 | 572 |
| KERN MEDICAL | 299 | 263 | 320 | 203 | 353 | 393 | 298 | 397 | 331 | 319 | 301 | 355 | 349 |
| MERCY HOSPITAL | 368 | 318 | 321 | 271 | 275 | 323 | 322 | 242 | 231 | 263 | 309 | 301 | 303 |
| ADVENTIST HEALTH | 311 | 310 | 349 | 299 | 299 | 334 | 310 | 291 | 252 | 260 | 316 | 291 | 283 |
| GOOD SAMARITAN HOSPITAL | 60 | 63 | 73 | 47 | 66 | 101 | 84 | 60 | 64 | 78 | 90 | 80 | 80 |

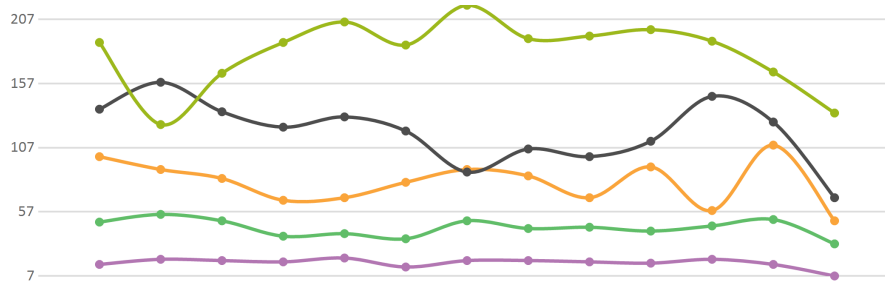


| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| DELANO REGIONAL HOSPITAL | 70 | 64 | 61 | 80 | 52 | 42 | 68 | 56 | 43 | 42 | 78 | 65 | 46 |
| OUT OF AREA | 369 | 344 | 352 | 276 | 319 | 335 | 311 | 284 | 224 | 241 | 292 | 298 | 326 |
| BAKERSFIELD HEART HOSP | 60 | 59 | 50 | 61 | 50 | 51 | 60 | 61 | 44 | 59 | 59 | 60 | 68 |

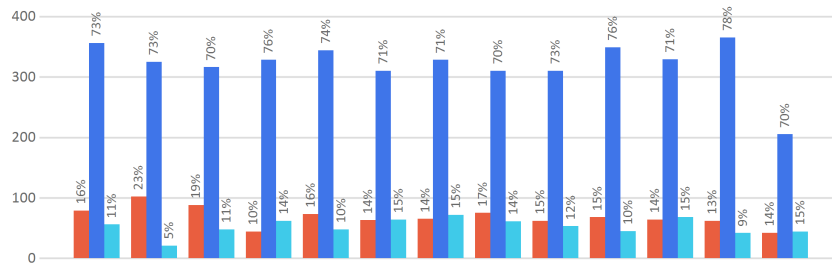


Governed Reporting System

Obstetrics Metrics



| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 137 | 158 | 135 | 123 | 131 | 120 | 88 | 106 | 100 | 112 | 147 | 127 | 68 |
| KERN MEDICAL | 100 | 90 | 83 | 66 | 68 | 80 | 90 | 85 | 68 | 92 | 58 | 109 | 50 |
| OTHER | 189 | 125 | 165 | 189 | 205 | 187 | 218 | 192 | 194 | 199 | 190 | 166 | 134 |
| MERCY HOSPITAL | 49 | 55 | 50 | 38 | 40 | 36 | 50 | 44 | 45 | 42 | 46 | 51 | 32 |
| DELANO REGIONAL HOSPITAL | 16 | 20 | 19 | 18 | 21 | 14 | 19 | 19 | 18 | 17 | 20 | 16 | 7 |

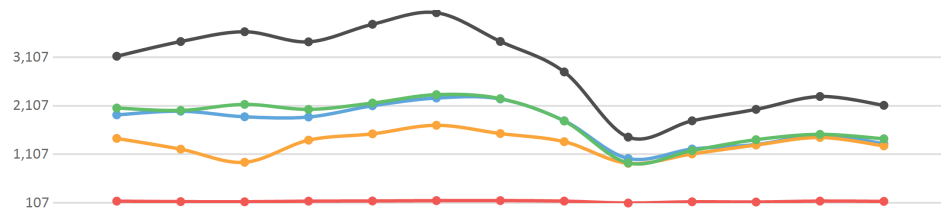


| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| VAGINAL DELIVERY | 356 | 325 | 316 | 328 | 344 | 310 | 328 | 310 | 310 | 349 | 329 | 365 | 205 |
| C-SECTION DELIVERY | 79 | 102 | 88 | 44 | 73 | 63 | 65 | 75 | 62 | 68 | 64 | 62 | 42 |
| PREVIOUS C-SECTION DELIVERY | 56 | 21 | 48 | 62 | 48 | 64 | 72 | 61 | 53 | 45 | 68 | 42 | 44 |

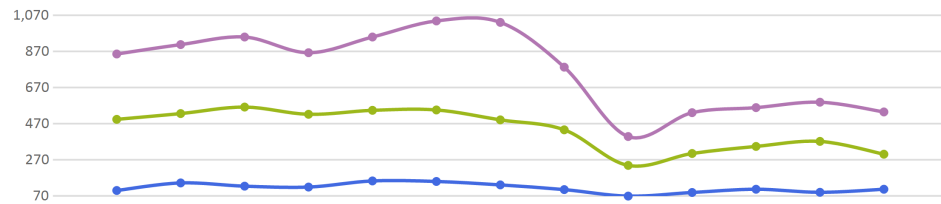


Governed Reporting System

Emergency Visits by Hospital



| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BAKERSFIELD MEMORIAL | 3,126 | 3,428 | 3,630 | 3,422 | 3,783 | 4,021 | 3,430 | 2,803 | 1,462 | 1,798 | 2,033 | 2,298 | 2,116 |
| MERCY HOSPITAL | 2,061 | 2,011 | 2,136 | 2,033 | 2,163 | 2,336 | 2,254 | 1,793 | 931 | 1,186 | 1,410 | 1,520 | 1,428 |
| ADVENTIST HEALTH | 1,920 | 1,996 | 1,881 | 1,876 | 2,107 | 2,266 | 2,247 | 1,799 | 1,024 | 1,218 | 1,310 | 1,503 | 1,328 |
| KERN MEDICAL | 1,436 | 1,215 | 945 | 1,400 | 1,530 | 1,706 | 1,536 | 1,369 | 923 | 1,117 | 1,300 | 1,455 | 1,282 |
| BAKERSFIELD HEART HOSP | 146 | 136 | 133 | 146 | 149 | 157 | 157 | 147 | 107 | 133 | 128 | 147 | 141 |



| | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| DELANO REGIONAL HOSPITAL | 857 | 909 | 951 | 864 | 951 | 1,040 | 1,032 | 784 | 400 | 532 | 560 | 590 | 536 |
| OUT OF AREA | 495 | 527 | 563 | 523 | 545 | 547 | 492 | 437 | 240 | 306 | 345 | 373 | 302 |
| KERN VLY HLTHCRE HOSP | 101 | 143 | 125 | 120 | 154 | 151 | 132 | 106 | 70 | 90 | 108 | 91 | 108 |

MCAS Performance Trending Metrics

| | | | | |
|--|---|---|---|---|
| <p>ABA - 18-19</p> <p>6.82 %</p> <p>Prior Year 10.95%</p> <p>% Change -37.72%</p> | <p>ABA - 20-74</p> <p>23.14 %</p> <p>Prior Year 31.16%</p> <p>% Change -25.74%</p> | <p>ABA</p> <p>22.85 %</p> <p>Prior Year 30.76%</p> <p>% Change -25.72%</p> | <p>AMM - Acute</p> <p>50.22 %</p> <p>Prior Year 53.47%</p> <p>% Change -6.08%</p> | <p>AMM - Cont</p> <p>30.18 %</p> <p>Prior Year 34.50%</p> <p>% Change -12.52%</p> |
| <p>AMR</p> <p>54.68 %</p> <p>Prior Year 48.04%</p> <p>% Change 13.82%</p> | <p>APM - Cholesterol</p> <p>14.29 %</p> <p>Prior Year 35.12%</p> <p>% Change -59.31%</p> | <p>APM - Glucose</p> <p>42.86 %</p> <p>Prior Year 98.29%</p> <p>% Change -56.39%</p> | <p>APM - Glucose Cholesterol</p> <p>14.29 %</p> <p>Prior Year 33.41%</p> <p>% Change -57.23%</p> | <p>AWC</p> <p>20.90 %</p> <p>Prior Year 26.73%</p> <p>% Change -21.81%</p> |
| <p>BCS</p> <p>48.94 %</p> <p>Prior Year 39.84%</p> <p>% Change 22.84%</p> | <p>CBP</p> <p>3.60 %</p> <p>Prior Year 3.32%</p> <p>% Change 8.43%</p> | <p>CCS</p> <p>46.84 %</p> <p>Prior Year 44.90%</p> <p>% Change 4.32%</p> | <p>CDC - BP</p> <p>3.38 %</p> <p>Prior Year 2.84%</p> <p>% Change 19.01%</p> | <p>CDC - Eye Exam</p> <p>52.01 %</p> <p>Prior Year 42.30%</p> <p>% Change 22.96%</p> |



Governed Reporting System

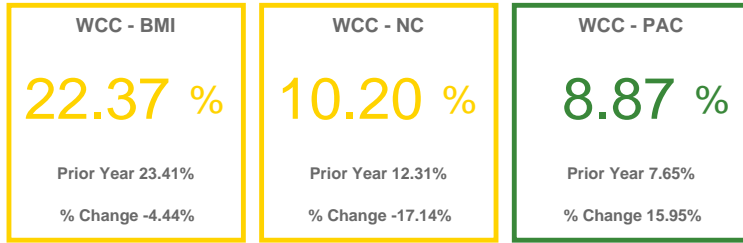
MCAS Performance Trending Metrics

| | | | | |
|--|---|---|---|--|
| <p>CDC - HBA1C <7%</p> <p>12.67 %</p> <p>Prior Year 7.18%</p> <p>% Change 76.46%</p> | <p>CDC - HBA1C <8%</p> <p>20.33 %</p> <p>Prior Year 11.92%</p> <p>% Change 70.55%</p> | <p>CDC - HBA1C >9%</p> <p>72.60 %</p> <p>Prior Year 7.15%</p> <p>% Change 915.38%</p> | <p>CDC - Hba1C Test</p> <p>73.83 %</p> <p>Prior Year 81.91%</p> <p>% Change -9.86%</p> | <p>CDC - Nephropathy</p> <p>84.92 %</p> <p>Prior Year 90.48%</p> <p>% Change -6.15%</p> |
| <p>CHL - Adults</p> <p>56.02 %</p> <p>Prior Year 60.74%</p> <p>% Change -7.77%</p> | <p>CHL</p> <p>50.57 %</p> <p>Prior Year 53.01%</p> <p>% Change -4.60%</p> | <p>CHL - Peds</p> <p>44.45 %</p> <p>Prior Year 44.09%</p> <p>% Change 0.82%</p> | <p>CIS - Combo 10</p> <p>15.98 %</p> <p>Prior Year 8.52%</p> <p>% Change 87.56%</p> | <p>IMA - Combo 2</p> <p>33.60 %</p> <p>Prior Year 1.70%</p> <p>% Change 1,876.47%</p> |
| <p>PPC - Postpartum</p> <p>61.98 %</p> <p>Prior Year 62.59%</p> <p>% Change -0.97%</p> | <p>PPC - Prenatal</p> <p>46.10 %</p> <p>Prior Year 49.05%</p> <p>% Change -6.01%</p> | <p>SSD</p> <p>39.77 %</p> <p>Prior Year 76.53%</p> <p>% Change -48.03%</p> | <p>W15</p> <p>4.25 %</p> <p>Prior Year 5.59%</p> <p>% Change -23.97%</p> | <p>W34</p> <p>39.24 %</p> <p>Prior Year 49.58%</p> <p>% Change -20.86%</p> |



Governed Reporting System

MCAS Performance Trending Metrics



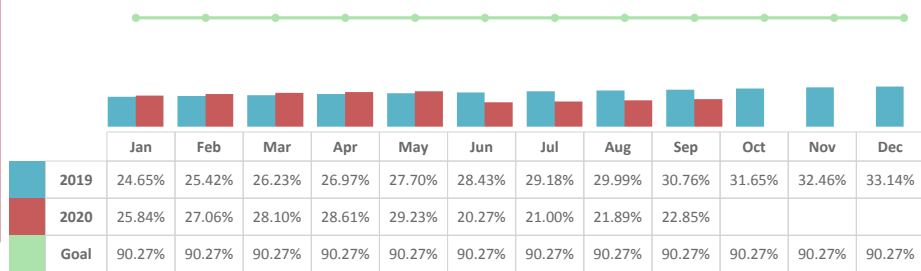
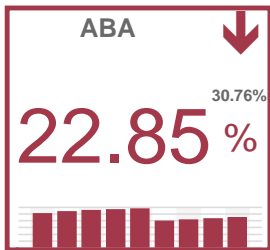


Governed Reporting System

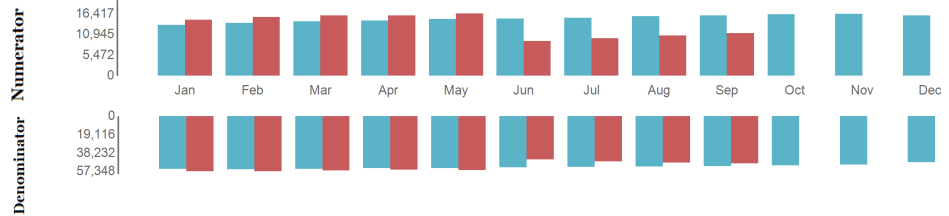
MCAS Performance Trending Metrics

Adult BMI Assessment

The percentage of members 18–74 years of age who had an outpatient visit and whose body mass index (BMI) was documented during the measurement year or the year prior to the measurement year.



11,256
49,257



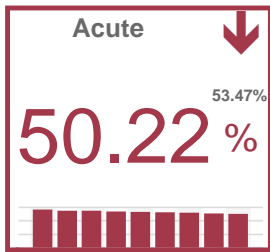


Governed Reporting System

MCAS Performance Trending Metrics

Antidepressant Medication Management

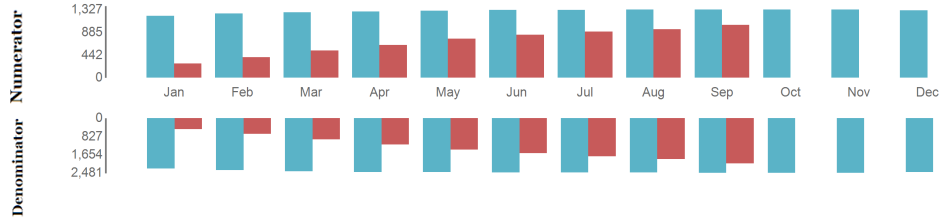
The percentage of members 18 years of age and older who were treated with antidepressant medication, had a diagnosis of major depression and who remained on an antidepressant medication treatment for at least 84 days.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 52.74% | 52.92% | 52.67% | 52.78% | 53.09% | 53.47% | 53.48% | 53.51% | 53.47% | 53.47% | 53.49% | 53.70% |
| 2020 | 56.39% | 54.77% | 54.73% | 53.74% | 53.30% | 52.67% | 51.82% | 51.05% | 50.22% | | | |
| Goal | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% | 52.33% |

1,030

2,051



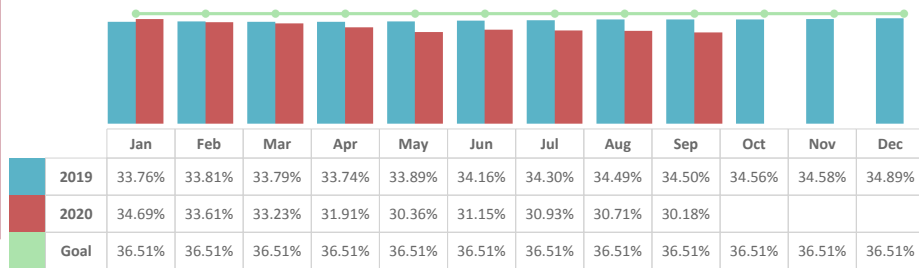
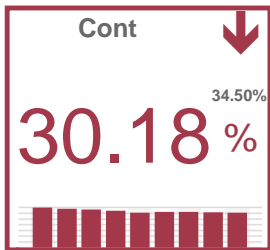


Governed Reporting System

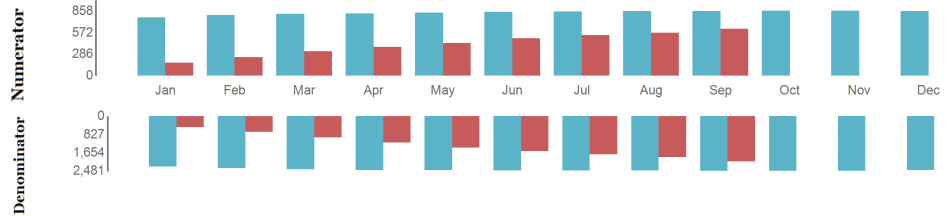
MCAS Performance Trending Metrics

Antidepressant Medication Management

The percentage of members 18 years of age and older who were treated with antidepressant medication, had a diagnosis of major depression and who remained on an antidepressant medication treatment for at least 180 days.



619
2,051



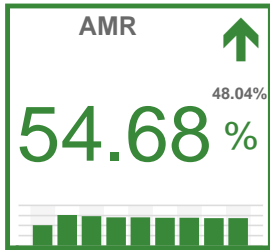


Governed Reporting System

MCAS Performance Trending Metrics

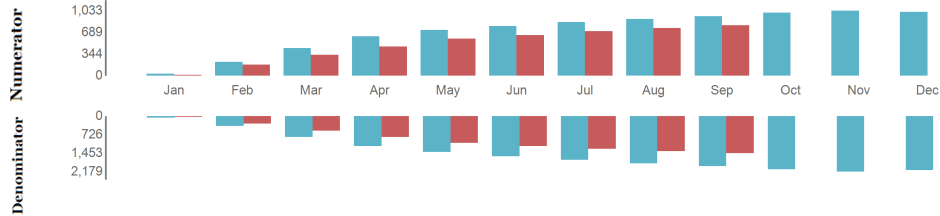
Asthma Medication Ratio

The percentage of members 5–64 years of age who were identified as having persistent asthma and had a ratio of controller medications to total asthma medications of 0.50 or greater during the measurement year.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 56.14% | 58.42% | 53.22% | 52.84% | 51.42% | 49.87% | 49.33% | 48.36% | 48.04% | 47.83% | 47.41% | 47.69% |
| 2020 | 40.00% | 60.96% | 58.63% | 56.31% | 55.73% | 55.13% | 55.06% | 54.70% | 54.68% | | | |
| Goal | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% | 63.58% |

800
 1,463



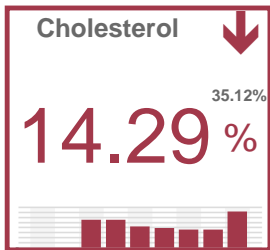


Governed Reporting System

MCAS Performance Trending Metrics

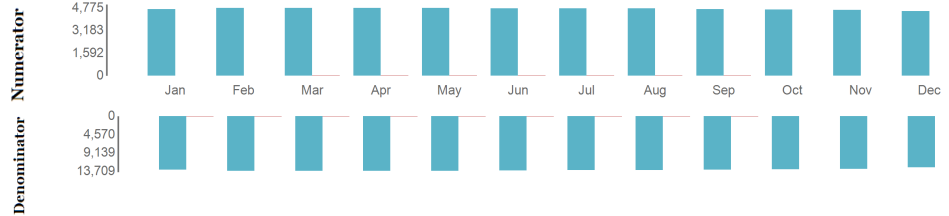
Metabolic Monitoring for Children and Adolescents on Antipsychotics

The percentage of children and adolescents on antipsychotics 1–17 years who received cholesterol testing.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 34.90% | 34.81% | 34.82% | 34.96% | 34.94% | 34.93% | 34.99% | 35.08% | 35.12% | 35.11% | 35.09% | 35.40% |
| 2020 | 0.00% | 0.00% | 11.11% | 11.11% | 8.33% | 7.69% | 7.14% | 7.14% | 14.29% | | | |
| Goal | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% | 33.33% |

$$\frac{2}{14}$$



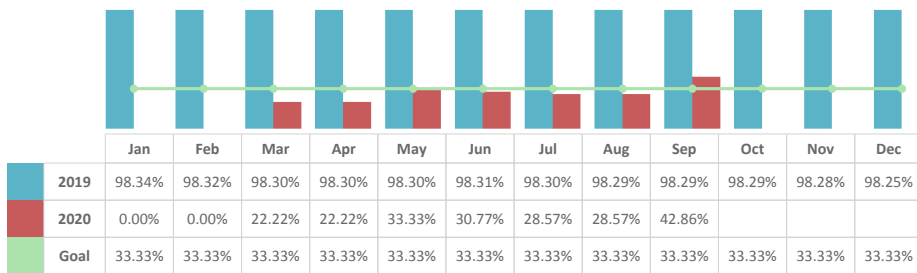
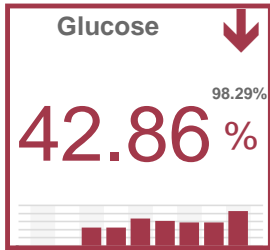


Governed Reporting System

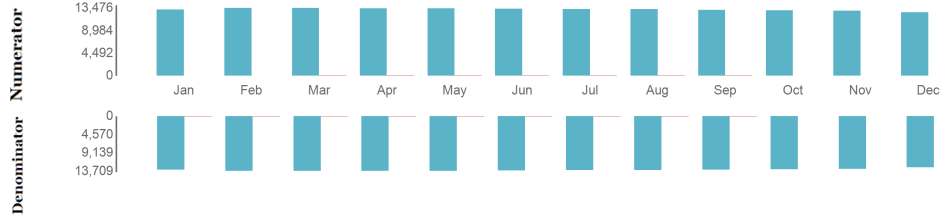
MCAS Performance Trending Metrics

Metabolic Monitoring for Children and Adolescents on Antipsychotics

The percentage of children and adolescents 1–17 years on antipsychotics who received blood glucose testing.



6
14



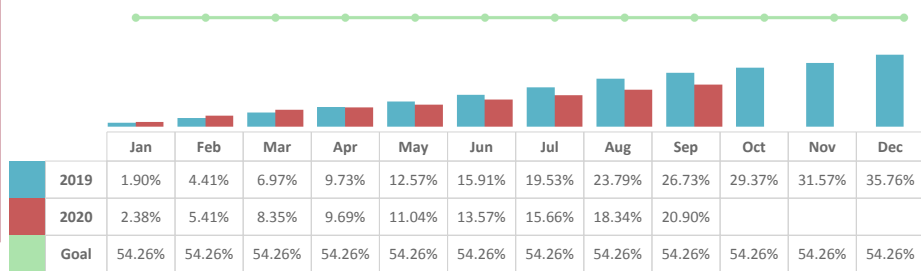


Governed Reporting System

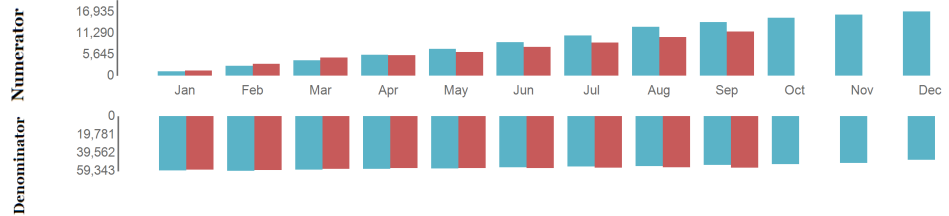
MCAS Performance Trending Metrics

Adolescent Well-Care Visits

The percentage of enrolled members 12–21 years of age who had at least one comprehensive well-care visit with a PCP or an OB/GYN practitioner during the measurement year.



11,651
55,756



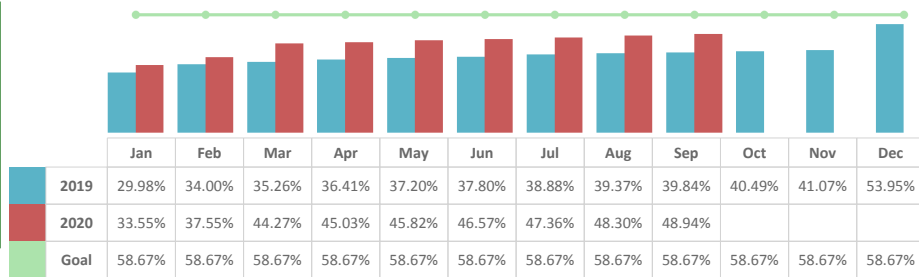


Governed Reporting System

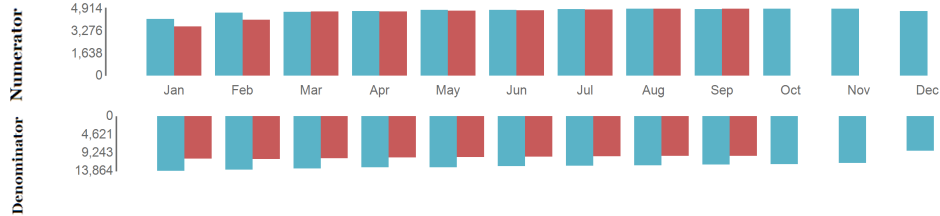
MCAS Performance Trending Metrics

Breast Cancer Screening

One or more mammograms any time on or between October 1 two years prior to the measurement year and December 31 of the measurement year.



$\frac{4,914}{10,041}$



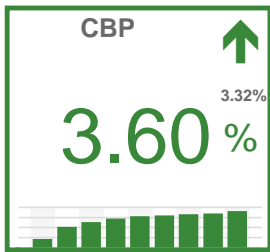


Governed Reporting System

MCAS Performance Trending Metrics

Controlling High Blood Pressure

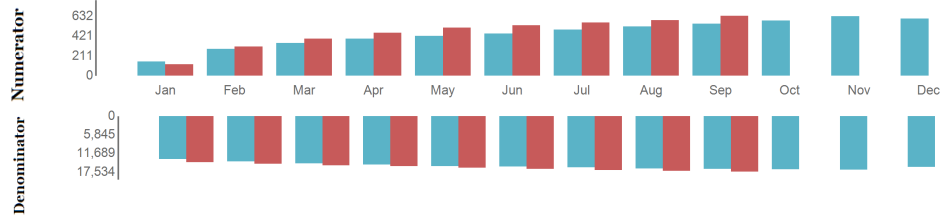
The percentage of members 18–85 years of age who had a diagnosis of hypertension (HTN) and whose BP was adequately controlled (<140/90 mm Hg) during the measurement year.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 1.12% | 1.98% | 2.34% | 2.58% | 2.68% | 2.81% | 3.02% | 3.15% | 3.32% | 3.46% | 3.75% | 3.78% |
| 2020 | 0.85% | 2.06% | 2.53% | 2.87% | 3.11% | 3.21% | 3.30% | 3.40% | 3.60% | | | |
| Goal | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% | 61.04% |

632

17,534





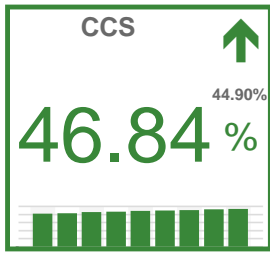
Governed Reporting System

MCAS Performance Trending Metrics

Cervical Cancer Screening

The percentage of women 21–64 years of age who were screened for cervical cancer using either of the following criteria:

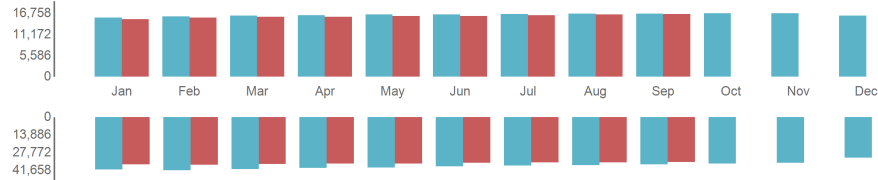
- Women 21–64 years of age who had cervical cytology performed within the last 3 years.
- Women 30–64 years of age who had cervical high-risk human papillomavirus (hrHPV) testing performed within the last 5 years.
- Women 30–64 years of age who had cervical cytology/high-risk human papillomavirus (hrHPV) cotesting within the last 5 years.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 37.89% | 38.32% | 39.49% | 40.61% | 41.62% | 42.53% | 43.34% | 44.19% | 44.90% | 45.73% | 46.51% | 50.74% |
| 2020 | 41.01% | 41.57% | 42.83% | 43.49% | 44.10% | 44.77% | 45.46% | 46.23% | 46.84% | | | |
| Goal | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% | 60.65% |

16,577
35,389

Denominator Numerator



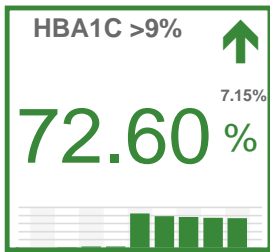


Governed Reporting System

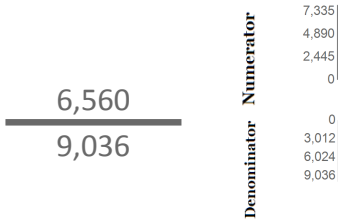
MCAS Performance Trending Metrics

Comprehensive Diabetes Care

The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who had recent HBA1C Test Result > 9 %.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 0.02% | 1.70% | 3.29% | 4.37% | 5.07% | 5.70% | 5.81% | 6.65% | 7.15% | 7.73% | 8.25% | 10.21% |
| 2020 | 0.00% | 0.99% | 3.01% | 3.03% | 84.38% | 78.25% | 75.43% | 73.89% | 72.60% | | | |
| Goal | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% | 38.52% |



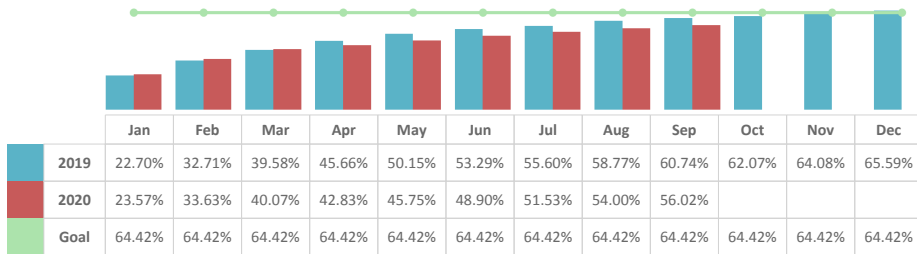
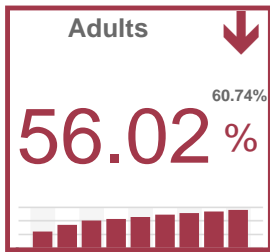


Governed Reporting System

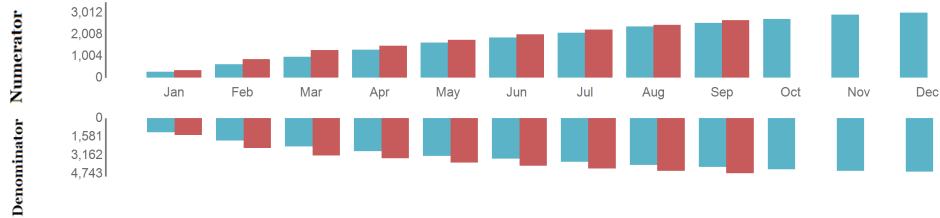
MCAS Performance Trending Metrics

Chlamydia Screening in Women

The percentage of women 16–24 years of age who were identified as sexually active and who had at least one test for chlamydia during the measurement year.



2,657
4,743



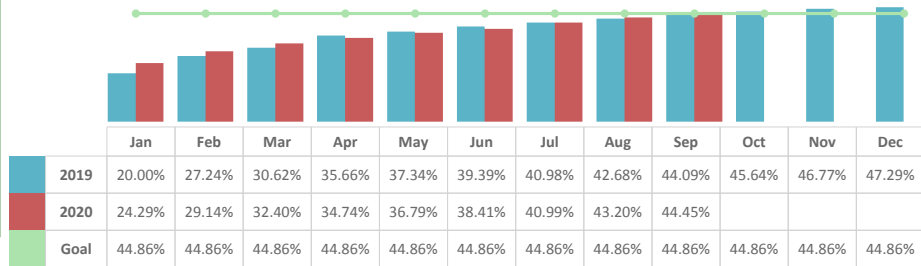
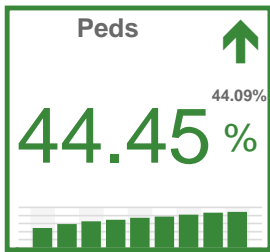


Governed Reporting System

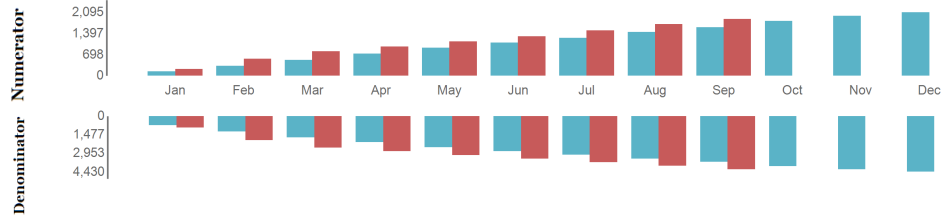
MCAS Performance Trending Metrics

Chlamydia Screening in Women

The percentage of women 16–24 years of age who were identified as sexually active and who had at least one test for chlamydia during the measurement year.



1,878
4,225





Governed Reporting System

MCAS Performance Trending Metrics

Childhood Immunization Status

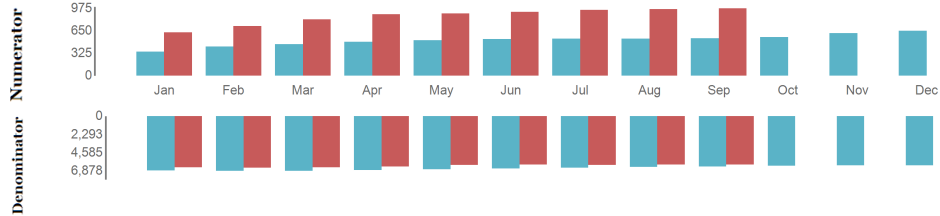
The percentage of members who turned 15 months old during the measurement year and who had the at least 6 well-child visits with a PCP during their first 15 months of life.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 5.06% | 6.15% | 6.68% | 7.26% | 7.69% | 8.01% | 8.22% | 8.40% | 8.52% | 8.95% | 9.90% | 10.49% |
| 2020 | 9.77% | 11.08% | 12.65% | 14.08% | 14.59% | 15.12% | 15.48% | 15.80% | 15.98% | | | |
| Goal | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% | 34.79% |

975

 6,102



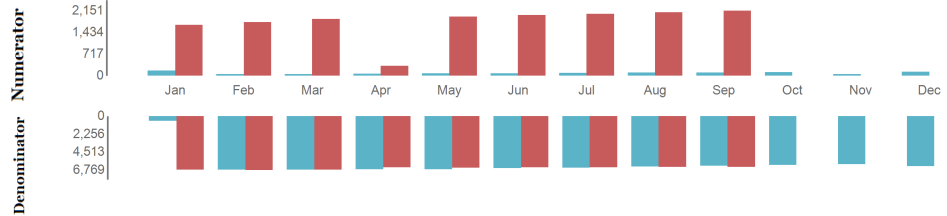
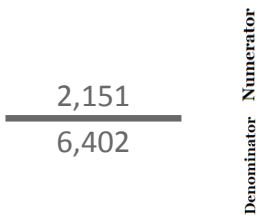
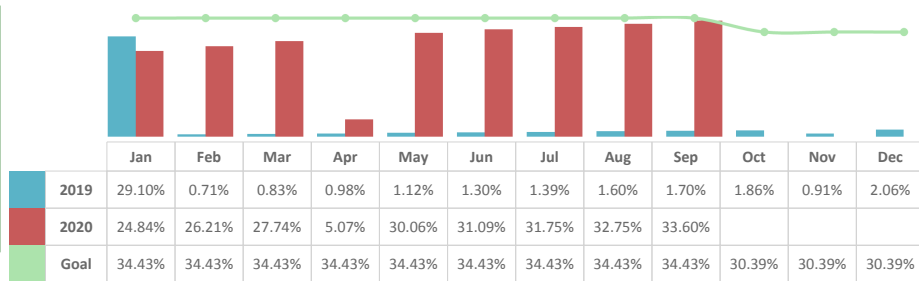
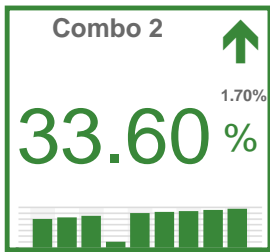


Governed Reporting System

MCAS Performance Trending Metrics

Immunizations for Adolescents

The percentage of adolescents 13 years of age who had one dose of meningococcal vaccine, one tetanus, diphtheria toxoids and acellular pertussis (Tdap) vaccine, and have completed the human papillomavirus (HPV) vaccine series by their 13th birthday. The measure calculates a rate for each vaccine and two combination rates.



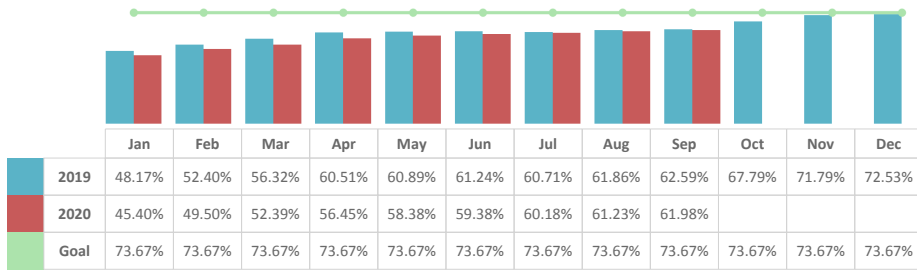
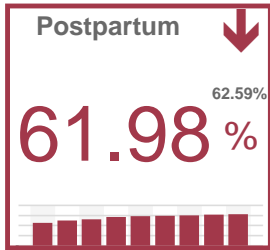


Governed Reporting System

MCAS Performance Trending Metrics

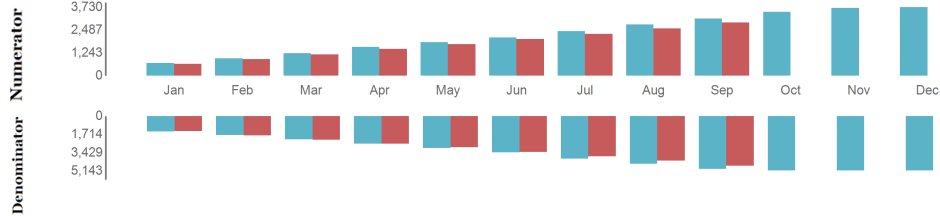
Postpartum Care

The percentage of deliveries of live births on or between October 8 of the year prior to the measurement year and October 7 of the measurement year. Postpartum Care. The percentage of deliveries that had a postpartum visit on or between 7 and 84 days after delivery.



2,892

4,666



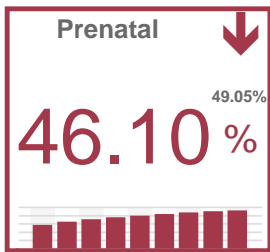


Governed Reporting System

MCAS Performance Trending Metrics

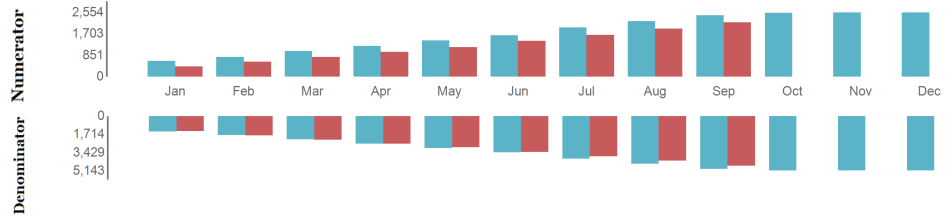
Prenatal Care

The percentage of deliveries of live births on or between October 8 of the year prior to the measurement year and October 7 of the measurement year. Timeliness of Prenatal Care. The percentage of deliveries that received a prenatal care visit in the first trimester, on or before the enrollment start date or within 42 days of enrollment in the organization.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 43.69% | 43.96% | 46.70% | 47.15% | 48.18% | 48.09% | 48.89% | 48.86% | 49.05% | 49.39% | 49.62% | 49.66% |
| 2020 | 28.53% | 32.71% | 35.68% | 37.91% | 39.82% | 41.98% | 43.85% | 45.32% | 46.10% | | | |
| Goal | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% | 91.67% |

2,151
4,666



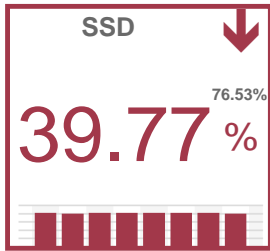


Governed Reporting System

MCAS Performance Trending Metrics

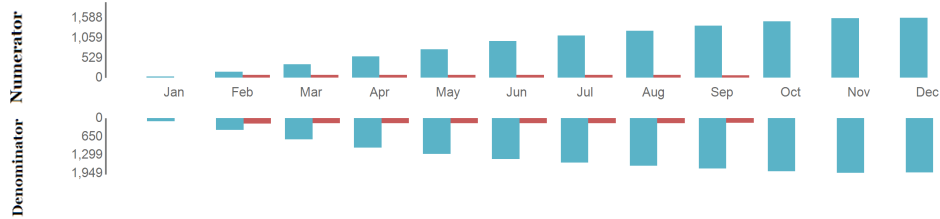
Diabetes Screening for People With Schizophrenia or Bipolar Disorder Who Are Using Antipsychotic Medications

The percentage of members 18–64 years of age with schizophrenia, schizoaffective disorder or bipolar disorder, who were dispensed an antipsychotic medication and had a diabetes screening test during the measurement year.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 31.13% | 36.79% | 46.30% | 53.73% | 59.07% | 67.13% | 70.47% | 73.35% | 76.53% | 79.01% | 80.45% | 82.11% |
| 2020 | | 41.05% | 40.11% | 40.88% | 40.88% | 41.11% | 41.11% | 41.01% | 39.77% | | | |
| Goal | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% | 81.04% |

68
171



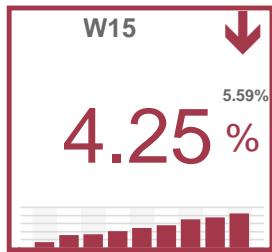


Governed Reporting System

MCAS Performance Trending Metrics

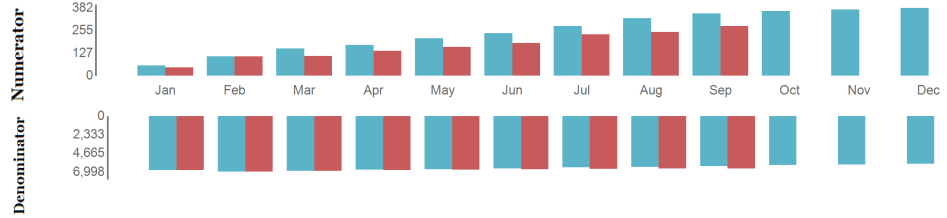
Well-Child Visits in the First 15 Months of Life

The percentage of members who turned 15 months old during the measurement year and who had the following number of well-child visits with a PCP during their first 15 months of life.



| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2019 | 0.86% | 1.56% | 2.21% | 2.56% | 3.15% | 3.64% | 4.33% | 5.08% | 5.59% | 5.89% | 6.12% | 6.39% |
| 2020 | 0.69% | 1.54% | 1.62% | 2.04% | 2.41% | 2.77% | 3.52% | 3.74% | 4.25% | | | |
| Goal | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% | 65.83% |

279
 6,566



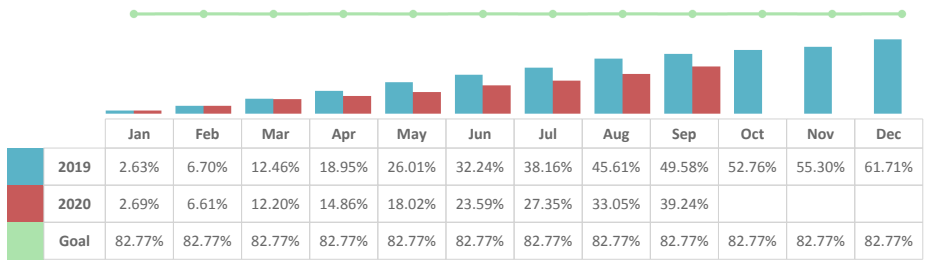


Governed Reporting System

MCAS Performance Trending Metrics

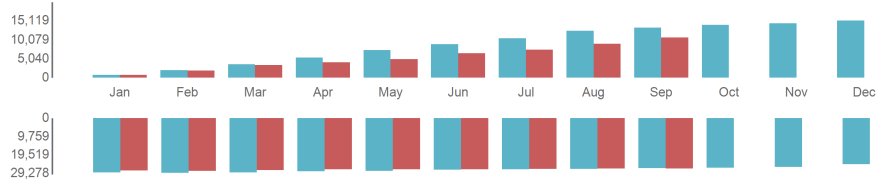
Well-Child Visits in the Third, Fourth, Fifth and Sixth Years of Life

The percentage of members 3–6 years of age who had one or more well-child visits with a PCP during the measurement year.



10,580
26,965

Denominator Numerator



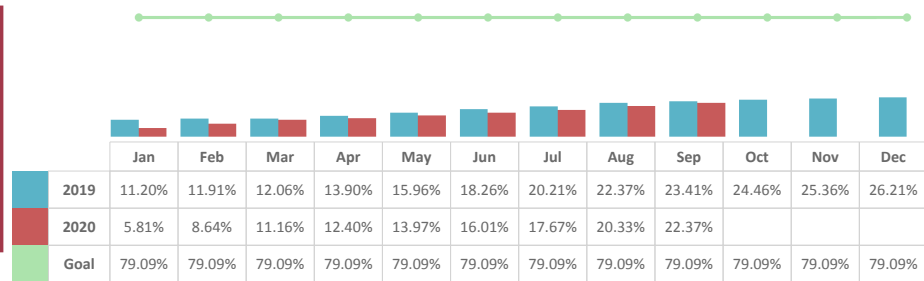
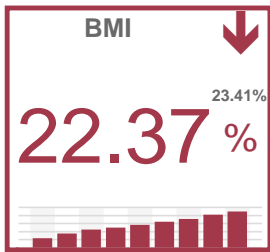


Governed Reporting System

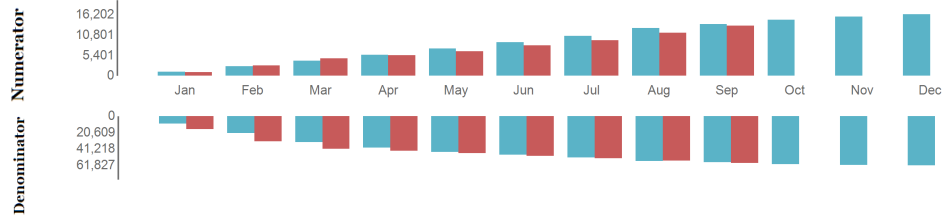
MCAS Performance Trending Metrics

Weight Assessment and Counseling for Nutrition and Physical Activity for Children/Adolescents

The percentage of members 3-17 years of age who had BMI Percentile documented during the measurement year.



13,182
58,929



KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
October 15th, 2020
BOARD OF DIRECTORS MEETING

COMPLIANCE AND REGULATORY ACTIVITIES

Compliance and Regulatory Affairs Report

Attachments A and B are included in the update on regulatory and compliance activities impacting KHS.

COVID-19 IMPACT TO OPERATIONS

As KHS enters its 8th month of adjusting to the COVID-19 pandemic, steps taken to ensure ongoing operations of the health plan continues including:

- 88% of our 407 KHS employees currently work from home. Performance reports show KHS continues to sustain the quality and quantity of work at pre-virus levels as performance targets and standards continue to be met across all departments.
- Our return to the office work schedule remains in effect and will begin with volunteers coming back to the office January 11th, 2021. The Return to Work Plan was completed by our internal task force and reviewed by outside legal counsel to assure the Plan incorporates and follows the latest safety guidelines and legal requirements issued by the Center for Disease Control, California Department of Public Health and Kern County Department of Public Health.
- Supporting KHS's Provider Network is of critical importance during this time. The Provider Network Management (PNM) team is monitoring for provider office closures, reductions in hours, re-openings, etc. Two new financial support programs were added to the COVID-19 Financial Relief Fund this month:
 - Local Hospitals COVID-19 Assistance Program (Sept 1 – Dec. 31, 2020) -- A temporary compensation adjustment for local hospitals was developed to help offset the increased cost of patient care from adding more staff to treat the influx of patients caused by the virus, need for more PPE protection for hospital staff and

Kern Health Systems
Board of Directors Meeting
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increase in protection and sanitation measures necessary to reduce exposure and contain the virus during the time COVID – 19 patients are in the hospital. Total estimated investment for 10 local hospitals is \$6,700,000.

- Back to Care Alternate Payment Program for PCPs (Sept 1 – Dec. 31, 2020) -The program provides incentive payments to primary and specialty care physician practices for assisting KHS to encourage members return to their doctor for preventive and routine care they've missed since the start of the pandemic. Deferring or delaying receiving critical check-ups or treatment increases the risk to patient's health or disease advancement. Two incentive programs have been established, one for Primary Care Physicians (PCPs) and a second for Specialists. The objective for each is to encourage physicians to reach out to their patients who missed or need to be scheduled for medical services. An incentive is paid each time a patient shows up for their scheduled visit for evaluation or treatment they've delayed or missed since the pandemic's inception. It is expected 250 office practices will participate in this Program with an estimated \$7,500,000 available, should the program be successful.

Attachment C shows a summary of KHS's COVID -19 funded programs.

- Back to Care Communication Campaign - In conjunction with the physician incentive program described above, KHS will launch its Back to Care Communication Campaign to encourage providers and members to reengage in their health care. We are developing a bilingual media campaign (English and Spanish) as part of this communication program. We will utilize television, radio, outdoor, print and digital advertising mediums. The campaign will launch in Q4 2020 and run through Q2 2021.

The advertisements illustrate the different safety measures in place at provider offices to provide peace of mind to our members that it's safe to get back to care. Under Attachment D, are design composites of Billboard and Print/Digital advertisements we submitted to the Department of Health Care Services and Department of Managed Health Care for approval. To date, the Departments have approved our television and radio advertisements. We expect approval of outdoor/print/digital advertisements very soon.

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PROGRAM DEVELOPMENT ACTIVITIES

Long Term Care at Home

In late August DHCS announced it would no longer be pursuing the Long Term Care at Home benefit. Originally, the goal of this program was to offer certain services in the home in lieu of skilled institutions. The idea was to reduce the case load at skilled institutions given the impact of COVID-19. KHS staff worked extensively with DHCS and our Trade Associations during the policy development period. Ultimately DHCS and the legislature could not come to agreement on how to proceed with this benefit.

RX Carve-Out

DHCS continues to move forward on the Governor's Executive Order to Carve-Out Pharmacy services from Managed Care Plans effective 1/1/21. KHS staff are working closely with DHCS, DMHC, and our Trade Associations in preparation for the transition. Recently DHCS began mailing 90-day member notices which outline the upcoming changes. DHCS is also providing training for providers and MCP staff related to future processes. Internally staff continue to work on systems and workflows, policies and procedures, data sharing updates, and external communication in support of the transition.

Long Term Care and Transplants Carve-In

In May KHS was notified of DHCS' intentions to delay the carve-in of Long Term Care and Major Organ Transplant services. Originally scheduled to transition 1/1/21, the State has not committed to a new effective date. DHCS will continue to keep Health Plans informed when transition planning resumes.

CalAIM –

The COVID-19 pandemic and resulting projected budget deficits have necessitated a delay in DHCS' CalAIM efforts. DHCS reiterated their long-term commitment to CalAIM but estimates the programs will be delayed at least 1-year. DHCS is currently negotiating with CMS to extend existing waiver programs through 12/31/21 to ensure there aren't gaps in services. Later in 2020 DHCS is expected to resume discussions regarding CalAIM and the corresponding updates in timelines.

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LEGISLATIVE SUMMARY UPDATE

Federal Update

While negotiations on the next COVID relief package have continued sporadically over the summer, a compromise agreement has yet to be reached. Things could change quickly as conversations persist, however there are still many hurdles to overcome amongst Congress and the Administration. Additionally, the approaching election and subsequent lame-duck session contribute to the uncertainty. KHS staff will continue to communicate with our Trade Associations and monitor the developments of any federal COVID bills. The Centers for Medicare and Medicaid Services (CMS) announced in mid-September that it would no longer pursue the Medicaid Fiscal Accountability Rule (MFAR). This proposed rule was originally drafted in late 2019 and would have made structural and definitional changes to intergovernmental transfer (IGTs), certified public expenditures (CPEs), provider-related donations, and healthcare-related taxes. Ultimately this rule would have jeopardized a significant portion of funding States rely on for their Medicaid programs. The proposal was met with intense criticism from a variety of stakeholders including State Governments, Legislators, Providers and Health Plans.

State Legislative

The State Legislative session formally ended on 9/30 as this was the deadline for the Governor to sign or veto bills. Throughout this session staff monitored and advocated on 45 bills relevant to KHS. Of those, 6 passed the legislature and were signed by the Governor. Staff will provide an overview of the State Legislative and Budget session outcomes under a separate Board agenda item.

KHS OCTOBER 2020 ENROLLMENT

Enrollment Update

The U.S. Department of Health & Human Services continued its public health emergency order resulting in the Department of Health Care Services extending the freeze on redeterminations. Thus, the Kern County Department of Human Services' suspension of their "automated discontinuance process" for Medi-Cal Redeterminations continues. Halting the process means members are not required to demonstrate they remain eligible for Medi-Cal which ordinarily they

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would have to prove or be eliminated from receiving benefits. In the meantime, Kern DHS continues working new Medi-Cal applications, reenrollments, successful renewals, additions, etc.

The impact from members remaining eligible and new members being added inflates KHS’s enrollment because deletions are not occurring as it would normally occur had the automated discontinuance process remained in place.

Medi-Cal Enrollment

As of October 1, 2020, Medi-Cal enrollment is 188,893, which represents an increase of 0.9% from September enrollment.

Seniors and Persons with Disabilities (SPDs)

As of October 1, 2020, SPD enrollment is 14,079, which represents a decrease of 0.2% when compared to September enrollment.

Expanded Eligible Enrollment

As of October 1, 2020, Expansion enrollment is 69,345, which represents an increase of 1.8% from September enrollment.

Kaiser Permanente (KP)

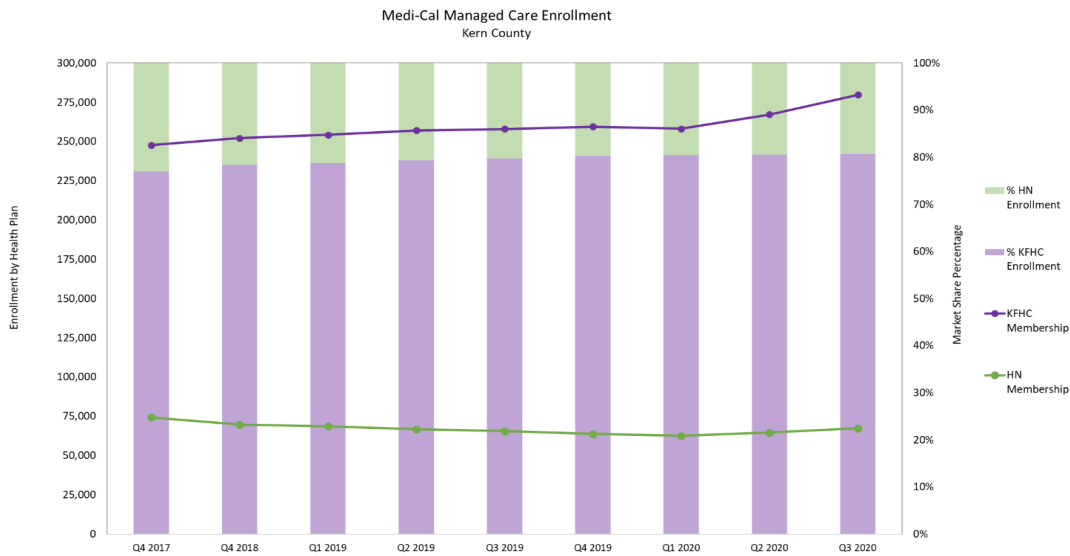
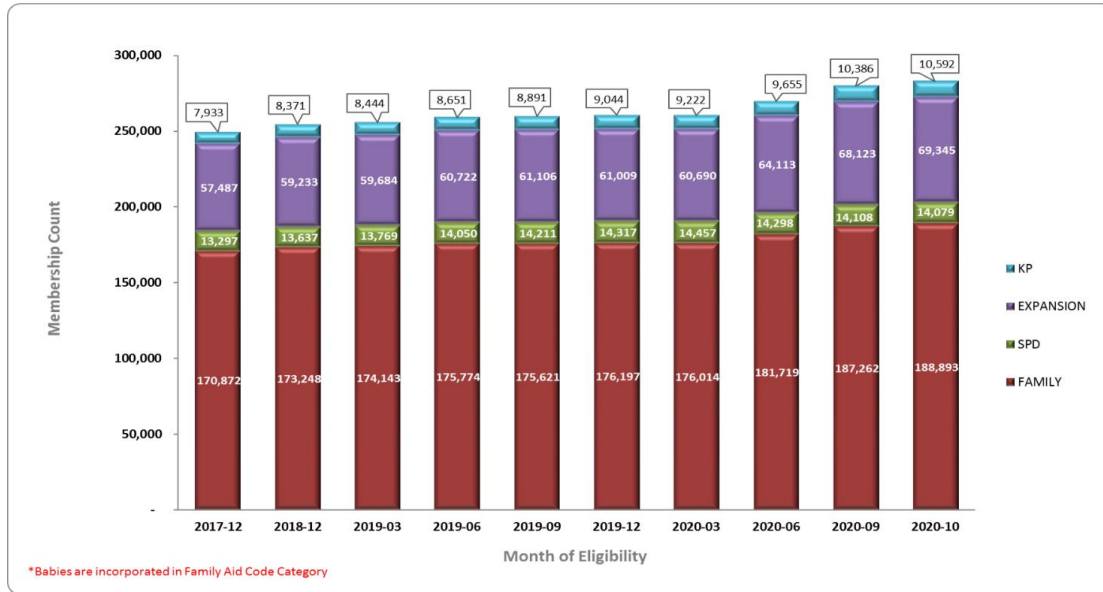
As of October 1, 2020, Kaiser enrollment is 10,592 which represents an increase of 2.0% from September enrollment.

Total KHS Medi-Cal Managed Care Enrollment

As of October 1, 2020, total Medi-Cal enrollment is 282,909, which represents an increase of 1.1% from September enrollment.

| Membership as of Month of Eligibility | FAMILY | SPD | EXPANSION | KP | BABIES | Member Total |
|--|---------------|------------|------------------|-----------|---------------|---------------------|
| 2017-12 | 170,425 | 13,297 | 57,487 | 7,933 | 447 | 249,589 |
| 2018-12 | 172,771 | 13,637 | 59,233 | 8,371 | 477 | 254,489 |
| 2019-03 | 173,743 | 13,769 | 59,684 | 8,444 | 400 | 256,040 |
| 2019-06 | 175,356 | 14,050 | 60,722 | 8,651 | 418 | 259,197 |
| 2019-09 | 175,109 | 14,211 | 61,106 | 8,891 | 512 | 259,829 |
| 2019-12 | 175,769 | 14,317 | 61,009 | 9,044 | 428 | 260,567 |
| 2020-03 | 175,586 | 14,457 | 60,690 | 9,222 | 428 | 260,383 |
| 2020-06 | 181,298 | 14,298 | 64,113 | 9,655 | 421 | 269,785 |
| 2020-09 | 186,808 | 14,108 | 68,123 | 10,386 | 454 | 279,879 |
| 2020-10 | 188,453 | 14,079 | 69,345 | 10,592 | 440 | 282,909 |

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* **Market Share** - 4 of every 5 Medi-Cal managed care enrollees are KFHC members (as per Medi-Cal Managed Care Enrollment Kern County chart)

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KHS ADMINISTRATIVE INITIATIVES

Provider Relations Credentialing

| Type | September 2020 | October 2020 |
|------------------|----------------|--------------|
| Initial | 23 | 36 |
| Re-credentialing | 53 | 35 |
| New Vendors | 1 | 5 |

Provider Portal Utilization

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

| Portal Activity | July 2020 | August 2020 | Sept. 2020 |
|---------------------------------|-----------|-------------|------------|
| Total HealthX User Accounts | 4,589 | 321 | 4,484 |
| Total New HealthX User Accounts | 162 | 4628 | 254 |
| Page Views | 786,576 | 756,038 | 752,137 |
| Unique Page Views | 321,798 | 318,780 | 317,468 |
| Avg. Time of Page | 3:01 | 3:07 | 3:11 |

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Provider Contracting

New or Modified Provider Agreements (may be completed or in negotiation):

- Dignity Health (Bakersfield Memorial and Mercy Hospitals)
- Antelope Valley Hospital
- Cedars Sinai (Los Angeles)
- Hollywood Presbyterian
- Philip Rosenthal MD PC
- Evan Dimmitt dba Evan Dimmitt DM
- Mayowa Olugbami dba Pine Medical Transport
- Heart Wellness Clinic
- Ajitpal S. Tiwana, MD
- Antelope Valley Supportive Care
- Parkside Congregate Living, Inc dba Parkside Home
- Amwest Inc

Provider Contracts Summary (Status)

The following summarizes current status of provider contracting activity for September. Open represents contracts or amendments still in negotiation. Inquiries represent either providers inquiring about becoming a participating provider or questions concerning their existing contract should they already participate in the KHS network. Waiting signature represents contracts or amendments that have been agreed to but not signed.

| Open | Inquiries | Waiting signature |
|------|-----------|-------------------|
| 219 | 0 | 0 |

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Marketing/Public Relations

KHS will share sponsorship in the following events in October and November:

- KHS donated \$1,500 to Links for Life to sponsor their virtual Lace'n It Up Walk on October 3rd. In addition to our sponsorship, KHS employees raised over \$13,000 for Links for Life.
- KHS donated \$1,500 to the Boys & Girls Club of Kern County to sponsor their virtual Farm to Table(aux) event on October 9th.
- KHS donated \$1,000 to the National Alliance on Mental Illness (NAMI) Kern County to sponsor their virtual NAMI Walk on October 10th.
- KHS donated \$1,500 to the Project Management Institute – California Central Valley Chapter's virtual Professional Development Day on October 15th.
- KHS donated \$1,000 to the American Cancer Society to sponsor their virtual Valley of Hope Gala on October 17th and virtual Making Strides Against Breast Cancer on October 24th.
- KHS donated \$10,800 to the Kern County Public Health Services Department to purchase 1,200 Influenza vaccines to offer two free flu shot clinics in October & November. The first drive-thru clinic will take place on October 25th at the Kern County Fairgrounds Swap Meet. The second clinic will take place on November 13th at the Kern County Fairgrounds Swap Meet.

No community events are scheduled in October or November due to the Governor's order disallowing large gatherings.

KFHC Community Grant Program

In recognition of the 5th Anniversary of our Community Grant Program, we produced a short video highlighting the importance of this program and what it means to KHS and our community. This video was shared with local media, community partners and on our social media pages.

<https://youtu.be/qvyKxPLEnd0>

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Board of Directors Meeting
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Employee Newsletters

KHS Employee Newsletters can be seen by clicking the following links:

- August 2020 - <https://us20.campaign-archive.com/?u=f1b2565c17b55547feeb94aeb&id=57dd2469f2>
- Sept. 2020 - <https://us20.campaign-archive.com/?u=f1b2565c17b55547feeb94aeb&id=10b7c385de>



Compliance and Regulatory Affairs Update
Board of Directors Meeting

Carmen Dobry, M.S., CHC
Director of Compliance and Regulatory Affairs
October 15, 2020
Attachment A

STATE REGULATORY AFFAIRS

Since the August 13, 2020 Board meeting:

- Department of Health Care Services (“DHCS”) issued one All Plan Letter (“APL”) 20-016 Blood Level Screening of Young Children. The purpose of this APL is to provide requirements for blood lead screening tests and associated monitoring and reporting for Medi-Cal managed care health plans. Stakeholders are reviewing the APL and follow-up meetings are scheduled.
- Department of Managed Health Care (“DMHC”) issued one APL 20-032 Continuation of DMHC’s All Plan Letters Regarding Telehealth. The purpose of the APL is to extend the effective dates of APL20-009 (No material changes between the initial published version and the version included in APL20-023) and APL20-013 (APL20-013 did not apply to Managed Care Plans). The APL states that the telehealth guidance will remain in affect or until further notice, and provides guidance for the Provider Directory. Stakeholders have implemented the APLs requirements.
- The DHCS issued four COVID-19 APLs and Guidance Letters. *See Attachment B for the COVID- 19 APL and Guidance.* All four releases apply to the Plan and are on track for appropriate implementation as required by the APL and Guidance.



Number of Regulatory Reports Sent to Government Agencies for August and September 2020

| REGULATORY AGENCY | AUGUST | SEPTEMBER |
|-------------------|--------|-----------|
| DHCS | 11 | 5 |
| DMHC | 4 | 0 |

STATE REGULATORY AFFAIRS

Compliance Education and Presence

The Compliance Department produces monthly newsletters to relay various Compliance topics to all staff. The August topic was “Ethics Hotline” and September was “HIPAA Privacy Rule”. The newsletters are on the next slide.



Compliance Capsule – August 2020

Ethics Hotline

Q: Who can I call if I suspect ethical abuse or possible fraud?
A: Call the Ethics Hotline

Kern Health Systems ("KHS") has provided employees with the Ethics Hotline for years. We are all expected to "do the right thing" when it comes to ethical situations. The KHS Ethics Hotline is available to use when you have information on possible fraud, waste, or abuse, or any unethical activity. You can submit confidentially by calling 1.800.500.0333.

Examples of what should be reported:



1. Your co-worker is reviewing grants for a new lunch program. The one she selects for approval is her sister's business where she occasionally helps out for extra spending money. Should this be reported? *Yes. Situations that create or appear to create a conflict between personal interest and the interest of KHS should be reported.*

2. You heard an employee talking in the hall that she let her cousin use her member I.D. card for a doctors visit. Should this be reported? *Yes. Sharing I.D. cards or benefit sharing are forms of fraudulent behavior and must be reported.*

Examples of what should not be reported:

1. You should probably not report that your supervisor didn't give you a 6% raise. *This should be discussed with KHS management or Human Resources.*

2. Reporting that the vending machines are not being stocked with your favorite soda. *This would be better resolved by speaking with your supervisor or Corporate Services.*

When you call the Ethics Hotline at 1.800.500.0333 to report suspected ethical abuses or fraud, you can do so without fear of retaliation. KHS will not allow or tolerate retaliation against you when you provide information in good faith.

Remember, we are all responsible for doing the right thing, even when no one is looking.

If you have any further questions on the Ethics Hotline, contact the Compliance Department at Compliance@khs-net.com or the Director, Compliance and Regulatory Affairs at 661.664.5016.

The Ethics Hotline is available 24/7 - All calls are Strictly Confidential: 800.500.0333



Compliance Capsule – September 2020

HIPAA Privacy Rule

Q: What does the HIPAA Privacy Rule do?

A: The HIPAA Privacy Rule created national standards to protect individuals' medical records and other personal health information.



Examples of the HIPAA Privacy Rule:

- It gives patients more control over their health information.
- It sets boundaries on the use and release of health records.
- It establishes appropriate safeguards that health care providers and others must achieve to protect the privacy of health information.
- It holds violators accountable, with civil and criminal penalties that can be imposed if they violate patients' privacy rights.
- And it strikes a balance when public responsibility supports disclosure of some forms of data – for example, to protect public health.

For patients – it means being able to make informed choices when seeking care and reimbursement for care based on how personal health information may be used.

- It enables patients to find out how their information may be used, and about certain disclosures of their information that have been made.
- It generally limits release of information to the minimum reasonably needed for the purpose of the disclosure.
- It generally gives patients the right to examine and obtain a copy of their own health records and request corrections.
- It empowers individuals to control certain uses and disclosures of their health information.

Think Before You Post!

All Kern Health Systems employees are responsible for protecting Member's PHI and PII. If you have any questions about how to protect PHI or PII while working outside of the office, contact the Compliance Department at Compliance@khs-net.com or the Director, Compliance and Regulatory Affairs at 661.664.5016, carmen.dobry@khs-net.com.

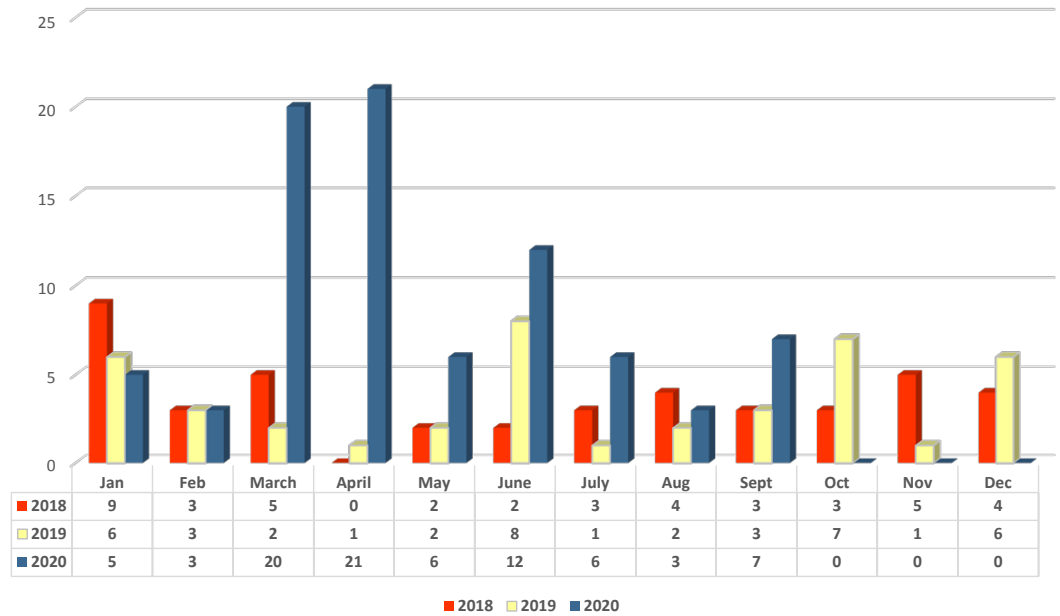
Ethics Hotline is available 24/7 - All calls are Strictly Confidential: 800.500.0333





Regulatory All Plan Letters and Guidance Received for January – September 2020 Attachment B

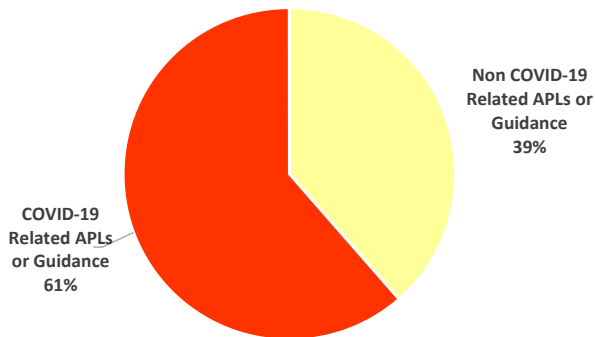
**Number of Regulatory All Plan Letters
and Guidance Letters Received by the Plan**



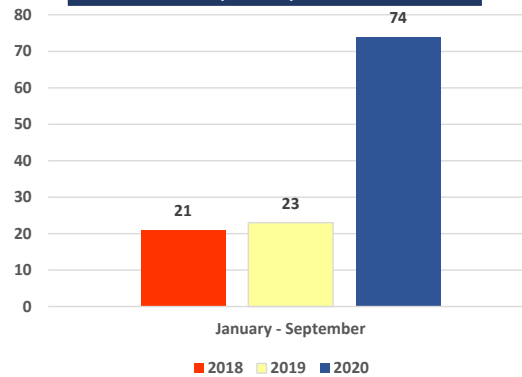
Continued...

Regulatory All Plan Letters and Guidance COVID-19 Impact 2020

Percentage of COVID-19 vs. Non COVID-19
Related APLs or Guidance
January - September 2020



Year-to-Date Comparison of All Plan
Letters and Guidance Letters
Received by the Plan for Years
2018, 2019, & 2020



**KHS COVID-19 Regulatory Guidance
Tracking Log - 10/5/2020
Attachment B**

| State Agency | Date Received by Plan | URL/ Link | Title | Department Impacted | Status | Summary |
|--------------|-----------------------|----------------------|---|---|---|--|
| DHCS | 9/8/2020 | Link | Increase in LTC per diem rates | Claims Provider Network Mgmt. Compliance | 1. 9/14/20 Sent to Claims to review 2. 9/14/20 Robin will have staff follow their process for updating the rates in the system. 3. Complete | Due to the Coronavirus disease (COVID-19) outbreak, a public health emergency was declared for the United States on January 31, 2020, and a national emergency was declared under the Stafford Act on March 13, 2020. In response to the COVID-19 outbreak, the Department will temporarily provide an additional 10% reimbursement for LTC per diem rates. |
| DMHC | 9/9/2020 | Link | APL20-32 Continuation of DMHC's All Plan Letters Regarding Telehealth and previous APL's regarding telehealth | Provider Network Mgmt. Health Services Claims Member Services Compliance | 1. 9/14/2020 Sent to Stakeholders to review. 2. 9/14/20 Unless requested by the Stakeholders there will not be a large Stakeholder Meeting. 3. Complete | The purpose of the APL is to extend the effective dates of APL20-009 (No material changes between the initial published version and the version included in APL20-023) and APL20-013 (APL20-013 did not apply to Managed Care Plans). The APL does clearly state that the APLs will remain in affect further notice and provides guidance for the Provider Directory. The APL also discusses the applicability of the APL to Delegated Entities. |
| DHCS | 9/8/2020 | Link | CPT Codes 86408 and 86409 | Claims Provider Network Mgmt. Compliance | 1. 9/8/20 Sent to Claims to review 2. 9/8/2020 Kelli Brower said the codes do not have a rate currently attached. She said Claims will monitor the codes. 3. 9/14/20 Robin will have staff monitor claims that use codes 4. Complete | Effective for dates of service on or after August 10, 2020, CPT codes 86408 (neutralizing antibody, severe acute respiratory syndrome coronavirus 2 [SARS-CoV-2] [Coronavirus disease (COVID-19)]; screen) and 86409 (neutralizing antibody, severe acute respiratory syndrome coronavirus 2 [SARS-CoV-2] [Coronavirus disease (COVID-19)]; titer) for coronavirus disease 2019 (COVID-19) are now Medi-Cal benefits. |
| DHCS | 8/18/2020 | Link | APL20-004rev Emergency Guidance for Medi-Cal Managed Care Health Plans in Response to COVID-19 | Pharmacy Member Services Claims Health Services Health Homes Program IT Compliance | 1. 8/19/20 updated APL sent to stakeholders. 2. 8/20/20 Stakeholders waiting for additional guidance regarding pharmacies and pharmacists participation. 2. 8/24/20 Stakeholders provided a redline version of the document. Large Stakeholder meeting scheduled for 9/2/20. 3. 9/2/20 Stakeholders reviewed the updated APL. Stakeholders will complete Action Items. 4. Complete | The purpose of this APL revision is to provide information to Medi-Cal managed plans on temporary changes to federal requirements as a result of the ongoing global Novel Coronavirus Disease (COVID-19) pandemic. The APL covers the approved 1135 Waiver and other guidance provided by DHCS in response to the public health crisis. This version of the APL includes updates : New guidance added reflective of new Testing guidance, New resource links for Plans - Pharmacy specifically mentioned, New Suicide Prevention Guidance added for Providers, reflects July 10th letter to Plans, Member Eligibility section updates, Update to Encounter Data Validation Project - HSAG tentative resumption of EDV Project activities, and . LTC reimbursement language included here with additional guidance |
| DHCS | 8/7/2020 | Link | COVID-19 Virus and Antibody Testing | Claims Provider Network Mgmt. Health Services Claims Member Services | 1. 8/12/20 Sent to Stakeholders for review. 2. 8/20/20 Stakeholders met and reviewed the requirements of the Guidance letter. Stakeholders asked that questions be sent to DHCS. 3. 8/20/20 Questions sent to the DHCS. | Medi-Cal covers all medically necessary FDA approved COVID-19 tests.. All enrolled Medi-Cal beneficiaries are eligible for a COVID-19 test, when determined medically necessary. Additionally for all enrolled Medi-Cal individuals, regardless of their scope of coverage, DHCS has deemed COVID-19 testing, testing-related and related medically necessary treatment services, including services rendered outside of hospital emergency department, as an emergency service to treat an emergency medical condition. |
| DHCS | 7/12/2020 | Link | DHCS Suicide Prevention Letter for Providers | Provider Network Mgmt. Health Services Compliance | 1. 7/13/20 Letter sent to Stakeholders - Provider Network Management posted the information on the website and sent out a Provider Bulletin . 2. Complete | DHCS requests that all Plans send to Providers a letter regarding suicide prevention Provided by the DHCS. |
| DHCS | 6/23/2020 | Link | Medi-Cal Payment for Telehealth and Virtual/Telephonic Communications Relative to the 2019-Novel Coronavirus (COVID-19) (June Revision) | Provider Network Mgmt. Claims Configuration Member Services Health Services Compliance | 1. 6/29/2020 sent to Stakeholders 2. Complete | Comprehensive update of Telehealth/Virtual Telephonic communication requirements. In light of both the federal Health and Human Services Secretary's January 31, 2020, public health emergency declaration, as well as the President's March 13, 2020, national emergency declaration relative to COVID-19, the Department of Health Care Services (DHCS) is issuing additional guidance to enrolled Medi-Cal providers, including, but not limited to physicians, nurses, mental health practitioners, substances use disorder practitioners, dentists – as well as Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), and Tribal 638 Clinics |

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| DHCS | 6/12/2020 | Link | APL20-011 Governor's Executive Order (June Rev) | Quality Improvement Health Services Member Services Provider Network Mgmt. Compliance | 1. 6/18/20 Sent to Stakeholders 2. 6/26/20 Stakeholders met reviewed updated requirements. 3. Complete | This Executive Order provides for various flexibilities in relation to state statutes and regulations, thereby allowing DHCS to take appropriate actions to mitigate the effects of the COVID-19 pandemic - specifically as it applies to MCP Site Reviews and Subcontractor Monitoring, Annual Medical Audits, and Health Risk Assessments |
| DHCS | 6/9/2020 | Link | APL20-004rev (June Rev.) Emergency Guidance for Medi-Cal Managed Care Health Plans in Response to COVID-19 | Pharmacy Member Services Claims Health Services Health Homes Program IT Compliance | 1. 6/12/20 Revised (2x) APL sent to Stakeholders 2. 6/18/20 Stakeholders reviewed the updated guidance. 3. Complete | The purpose of this APL revision is to provide information to Medi-Cal managed plans on temporary changes to federal requirements as a result of the ongoing global Novel Coronavirus Disease (COVID-19) pandemic. The APL covers the approved 1135 Waiver and other guidance provided by DHCS in response to the public health crisis. |
| DHCS | 6/3/2020 | Link | Provision of Care in Alternative Settings, Hospital Capacity, State Plan and Blanket Section 1135 Waiver Flexibilities for Medicare and Medicaid Enrolled Providers Relative to COVID-19 | Health Services Provider Network Mgmt. Member Services Claims Compliance | 1. 6/8/20 Redline version created and sent to Stakeholders. 2. 6/11/20 Stakeholder met discussed options, requested follow-up questions with DHCS, and an additional meeting to discuss follow-up Face-to-face encounters. 3. 6/17/20 Stakeholders discussed the Providers ability to bill for a follow-up face-to-face visit after a telehealth Encounter. 4. Complete | Updates 4/22/20 guidance (Locations, Ambulance Services, Laboratories, etc.)- This revised notice is to inform providers of the additional waivers flexibilities applicable to Medi-Cal providers enrolled in Medicare and Medicaid Programs. These waivers are in effect, with a retroactive effective date of March 1, 2020, through the end of the PHE. Where these flexibilities affect Medi-Cal billing or prior approval policies, DHCS has included additional billing guidance, where warranted, at the end of the flexibility, and added applicable website links to the additional CMS fact sheets |
| DHCS | 5/29/2020 | Link | MedIL 1 20-14 Extension of Delaying Annual Redeterminations, Discontinuances, and Negative Actions Due to COVIC-19 PHE | Member Services Health Services Provider Network Mgmt. Compliance | 1.6/1/20 Sent to Stakeholders 2. Complete | The purpose of this Medi-Cal Eligibility Division Information Letter (MEDIL) is to instruct counties to extend the delay of processing Medi-Cal annual redeterminations and delay discontinuances and negative actions for Medi-Cal, Medi-Cal Access Program (MCAP), Medi-Cal Access Infant Program (MCAIP), and County Children's Health Initiative Program (CCHIP) through the end of the Public Health Emergency (PHE). |
| DHCS | 5/20/2020 | Link | Associate Clinical Social Worker and Associate Marriage and Family Therapist Services for Federally Qualified Health Centers and Rural Health Clinics | Provider Network Mgmt. Health Services QI Claims | 1. 5/26/20 Sent to Stakeholders 2. 6/18/20 Stakeholder met and discussed the requirements of the mandate. 3. Complete | Pursuant to the federally approved State Plan Amendment (SPA) 20-0024, a FQHC or RHC can be reimbursed at the Prospective Payment System (PPS) rate for a visit between a FQHC or RHC patient and an ACSW or AMFT. The visit may be conducted as a face to face encounter or meet the requirements of a face to visit provided via telehealth. |
| DHCS | 5/13/2020 | Link | Email: Member Notification Flexibilities Update | Member Services Marketing Compliance | 1. 5/13/20 Sent to Stakeholders 2. Complete | DHCS is not able to allow MCPs flexibility to provide non-public member notices electronically, as several California state laws, for which DHCS does not have Executive Order authority to waive, require MCPs to specifically mail such written notices to members. MCPs to specifically mail such written notices to members. As a result, MCPs must continue to follow all current written noticing requirements for non-public member notices, such as those used for Grievances and Appeals, and ensure that members are properly informed of their rights regarding MCP actions. |
| DHCS | 4/30/2020 | Link | APL19-017 Supplement Quality and Performance Improvement Adjustments Due to COVID-19 | Health Services Quality Improvement Provider Network Mgmt. Compliance | 1. 4/30/20 Sent to Stakeholders 2. 5/19/20 Stakeholders reviewed the APL and QI stated that they were currently meeting the requirements. 3. Complete | On March 13, 2020, NCQA released guidance on reporting year (RY) 2020 Healthcare Effectiveness Data Information Set (HEDIS) reporting. This included an adjustment for RY 2020 reporting on measures utilizing the hybrid methodology given the limitations on medical record collection imposed by COVID-19 due to travel restrictions, quarantines, and risk to staff. |
| DHCS | 4/27/2020 | Link | APL20-004rev Emergency Guidance for Medi-Cal Managed Care Health Plans in Response to COVID-19 | Pharmacy Member Services Claims Health Services Health Homes Program IT Compliance | 1. 4/27/20 Sent to Stakeholders 2. 5/11/20 Stakeholders met and reviewed updated requirements. 3. Complete | The purpose of this APL revision is to provide information to Medi-Cal managed plans on temporary changes to federal requirements as a result of the ongoing global Novel Coronavirus Disease (COVID-19) pandemic. The APL covers the approved 1135 Waiver and other guidance provided by DHCS in response to the public health crisis. |
| DMHC | 4/29/2020 | Link | APL20-018 COVID-19 (OPM) Modification of Timely Access Provider Appointment Availability Surveys (PAAS) Timeframes | Provider Network Mgmt. Claims | 1. 4/29/20 Sent to Stakeholders 2. Complete | Health and Safety Code section 1367.03(f)(3) and page 11 of the PAAS Methodology require health plans to complete the administration of the PAAS between April 1 and December 31. For MY 2020, health plans shall begin administration of the PAAS no earlier than August 1, 2020. |

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| DHCS | 4/27/2020 | Link | Information on Closures/Changes March 11 through April 24, 2020 | Provider Network Mgmt. Health Services Member Services Compliance | 1. 4/27/20 Sent to Stakeholders 2. 4/28/20 Stakeholder meeting held 3. 4/29/20 Questions raised about the template on All Plan Call 4. 5/4/20 Template due to DHCS (Plans may submit sooner) 5. 5/11/20 Provider Network Mgmt. submits weekly report. 6. Complete | The Department of DHCS needs to ensure that members assigned to your managed care plans are not experiencing access to care issues as a result of closures/changes (including but not limited to provider offices, clinics, medical offices, etc.) related to COVID-19. Therefore, the DHCS is requiring that MCPs report to the DHCS via the attached Excel template |
| DHCS | 4/25/2020 | Link | Waiver of Requirement for Patient Signature On-File for Mailed or Delivered Prescriptions | Pharmacy Provider Network Mgmt. Member Services Health Services Compliance | 1. 4/25/20 Sent to Bruce Wearda for clarification 2. 4/29/20 Sent to all Stakeholders 3. 5/4/20 Per Bruce, this is FFS, not Medi-Cal 4. Complete | Effective immediately the Department of Health Care Services (DHCS) will allow any form of delivery service tracking or electronically documented proof of delivery to suffice as proof of receipt of a drug or device by the Medi-Cal and Family PACT beneficiary or authorized representative. |
| DHCS | 4/24/2020 | Link | APL20-011 Governor's Executive Order N-55-20 in response to COVID-19 | Quality Improvement Health Services Member Services Provider Network Mgmt. Compliance | 1. 4/25/20 Sent to Stakeholders 2. 5/8/20 Stakeholder meeting. Stakeholder reviewed documents. Follow-up meeting for IHA completion scheduled. 3. Complete | This Executive Order provides for various flexibilities in relation to state statutes and regulations, thereby allowing DHCS to take appropriate actions to mitigate the effects of the COVID-19 pandemic - specifically as it applies to MCP Site Reviews and Subcontractor Monitoring, Annual Medical Audits, and Health Risk Assessments. |
| DHCS | 4/24/2020 | Link | Well-Child Visits During Coronavirus (COVID-19) Pandemic | Provider Network Mgmt. Health Services Member Services Compliance | 1. 4/25/20 Sent to Stakeholders 2. 5/4/20 Stakeholder meeting scheduled. 3. 6/4/20 Stakeholders met and discuss telehealth options. 4. Complete | Where community circumstances require pediatricians to limit in-person visits, this guidance encourages clinicians to prioritize in-person newborn care, and well visits and immunizations of infants and young children (through 24 months of age) whenever possible. |
| DHCS | 4/22/2020 | Link | Information about Novel Coronavirus for Medi-Cal Transportation Providers | Member Services Provider Network Mgmt. Compliance | 1. 4/23/20 Sent to Stakeholders 2. Complete | The DHCS continues to closely monitor the emerging 2019 COVID-19 situation, and is providing information to all nonemergency medical transportation NEMT and nonmedical transportation (NMT) providers as a reminder of federal Centers for Disease Control and Prevention (CDC) and California Department of Public Health (CDPH)-recommended safety procedures and protocols to help prevent spread of COVID-19. |
| DHCS | 4/17/2020 | Link | Medication Assisted Treatment and Telehealth - COVID-19 FAQ - for FFS | Member Services Provider Network Mgmt. Health Services Compliance | 1. 4/18/20 Sent to Stakeholders - Bruce verified that is was related to FFS 2. Complete | Telehealth FAQ for FFS updated April 7, 2020 |
| DHCS | 4/17/2020 | Link | Breast and Cervical Cancer Treatment Program (BCCTP) Presumptive Eligibility Flexibilities due to COVID-19 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/18/20 Sent to Stakeholders 2. 5/1/20 Stakeholder met and discussed impacts. 3. Complete | DHCS is approving immediate flexibilities for Every Woman Counts (EWC) and Family Planning, Access, Care, and Treatment (FPACT) program Qualified Providers that are enrolling individuals into the Breast and Cervical Cancer Treatment Program (BCCTP) to limit potential exposure to COVID-19. |
| DHCS | 4/17/2020 | Link | APL 20-009 Older/At-Risk Individuals – Guidelines to Reduce Isolation and Promote Health While Sheltering at Home | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/18/20 Sent to Stakeholders 2. 4/27/20 Stakeholders met and shared resource information and identified efforts to reach at risk individuals. 3. Complete | During California's stay-at-home order, older members and other at-risk members – especially those living alone – will likely need their MCPs, as well as family, friends, neighbors and community, to help them maintain basic needs like groceries and prescriptions, and much-needed social interaction and connection. |
| DHCS | 4/16/2020 | Link | Email: E-Mail File and Use | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/16/20 Sent to Stakeholders 2. Complete | MCPs are approved to utilize a "file and use" approach for COVID-19 related emails with the agreement and understanding that the information being shared by the MCPs is in alignment with information or guidance already shared and approved regarding COVID-19 from DHCS, CDPH or the Centers for Disease Control and Prevention. |
| DMHC | 4/16/2020 | Link | DMHC APL20-016 Assistance to Seniors | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/16/20 Sent to Stakeholders 2. 4/27/20 Stakeholders met and shared resource information and identified efforts to reach at risk individuals. 3. Complete | The purpose of this All Plan Letter is to offer reminders and resources to help health care service plans serve enrollees who are aged 60+ or have high-risk health conditions during the COVID-19 emergency response stay home, stay healthy, and stay connected. |

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| DHCS | 4/15/2020 | Link | DHCS APL20-007rev Policy Guidance for Community-Based Adult Services response to COVID-19 Public Health Emergency | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/16/20 Sent to Stakeholders 2. 4/23/20 Meeting Scheduled with Stakeholders 3. CBAS Centers have completed the applications and submitted them to DHCS. 4. Complete | APL 20-007rev provides Plans with policy guidance regarding the temporary authorization of Community-Based Adult Services (CBAS) provided telephonically, in members' homes, and individually in centers, in lieu of congregate services provided at CBAS centers, during the period of this current public health emergency. **This revision includes updates from the California Department on Aging and requirements related to alternative services provided during the COVID-19 health emergency. |
| DMHC | 4/13/2020 | Link | DMHC APL20-015 Temporary Extension of Plan Deadlines | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/14/20 Sent to Stakeholders 2. Complete | COVID-19 Temporary Extension of Plan Deadlines In light of the COVID-19 State of Emergency, the Director has determined that select deadlines and requirements may be temporarily extended to give health plans additional time to comply. |
| DHCS | 4/13/2020 | Link | Follow-up Guidance to MEDIL I 20-07 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/13/20 Sent to Stakeholders 2. Complete | The purpose of this Medi-Cal Eligibility Division Information Letter (MEDIL) is to provide additional information and clarification for counties and the Statewide Automated Welfare System (SAWS) regarding the instructions found in MEDIL I 20-07. MEDIL I 20-07 directs counties to delay processing of Medi-Cal annual renewals, and defer discontinuances and negative actions based on the declared State and National Emergency due to the COVID-19 public health crisis. |
| DHCS | 4/3/2020 | Link | Every Woman Counts (EWC) Primary Care Provider (PCP) Information Notice Program | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/10/20 Stakeholders reviewed analytics 3. 4/24/20 Stakeholder reviewed the Guidance in meeting. 4. Complete | It is critical that EWC providers assess their office policies and follow recommended safety procedures and protocols from the federal Centers for Disease Control and Prevention (CDC) and California Department of Public Health (CDPH) to help prevent the spread of the virus. The Guidance provides information on enrollment and re-certification. |
| DHCS | 4/10/2020 | Link | Update Provision of Care in Alternative Settings, Hospital Capacity, and Blanket Section 1135 Waiver Flexibilities for Medicare and Medicaid Enrolled Providers Relative to COVID-19 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/15/20 Stakeholder reviewed the updated guidance and made changes as needed. 3. Complete | This revised notice is to inform providers of the additional waivers flexibilities applicable to Medi-Cal providers enrolled in Medicare and Medicaid Programs. These waivers are in effect, with a retroactive effective date of March 1, 2020, through the end of the PHE. Where these flexibilities affect Medi-Cal billing or prior approval policies, DHCS has included additional billing guidance, where warranted, at the end of the flexibility, and added applicable website links to the additional CMS fact sheets |
| DHCS | 4/9/2020 | Link | "File and Use" Approach for Robocall and Phone Call Campaigns, Printed Mailer Communications | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/9/20 Sent to Stakeholders 2. Complete | DHCS is approving the "file and use" approach for robocall and phone call campaigns and printed mailer communications in response to COVID-19. MCPs are approved to utilize a "file and use" approach for these COVID-19 related robocalls, phone call campaigns and printed mailer communications in response to COVID-19 with the agreement and understanding that the information being shared by the MCPs is in alignment with the Plans' already approved Emergency Call Scripts |
| DHCS | 4/8/2020 | Link | Coverage of Emergency COVID-19 Inpatient or Outpatient Services | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/14/20 Stakeholders met and discussed limits of some Medi-Cal programs and implementation of Guidance. 3. Complete | The guidance states that all enrolled Medi-Cal beneficiaries, regardless of their scope of coverage under Medi-Cal or documentation status, are entitled to all inpatient and outpatient services necessary for the testing and treatment of COVID-19 as certified by the attending physician. The guidance also provides billing information. |
| DMHC | 4/7/2020 | Link | APL 20-014 Mitigating Negative Health Outcomes due to COVID-19 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/15/20 Stakeholders met and discussed the Plan's approach to mitigating negative health outcomes. 3. Complete | The purpose of this All Plan Letter is to offer reminders and resources to help health care service plans serve enrollees and mitigate negative health outcomes to members due to the COVID-19 emergency. |
| DHCS | 4/7/2020 | Link | APL20-008 Mitigating Health Impacts of Secondary Stress due to COVID-19 Emergency | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/15/20 Stakeholders met and discussed the Plan's approach to mitigating negative health outcomes. 3. Complete | The purpose of this All Plan Letter is to offer recommendations to Medi-Cal managed care health plans on mitigating negative health outcomes to members due to the COVID-19 emergency. |

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| DHCS | 4/7/2020 | Link | Telehealth Services Guidance email | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/10/20 Sent to Stakeholders 2. 4/13/20 Stakeholders met and discussed the Provider Bulletin and Provider Network Mgmt.'s outreach to FQHCs/RHCs 3. Complete | Although the DHCS' Section 1135 Waiver has not yet been approved, DHCS has instructed all Medi-Cal providers, including for FQHCs, RHCs, and IHS clinics, to implement the guidance relative to telehealth and virtual/telephonic communication modalities immediately in light of COVID-19. |
| DHCS | 4/3/2020 | Link | 1135 Waiver (4/3/20) | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/7/20 Sent to Stakeholders 2. Complete | 1135 Waiver (4/3/20) request that will provide the State with greater flexibility in managing the COVID-19 health crisis. Included in the Waiver is language that clarifies the parameters for telehealth and telephonic services provided by RHCs and FQHCs. |
| DHCS | 4/1/2020 | Link | Use of Telehealth During COVID-19 Emergency | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/1/20 Sent to Stakeholders. 2. Complete | An email from DHCS reminding Plans of the changes to telehealth services, including; communication methods, HIPAA issues, and the use of telehealth by FQHCs and RHCs. |
| DHCS | 3/30/2020 | Link | DHCS Releases Guidance Related to "File and Use" of Texting Campaign Requests Related to COVID-19 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 Sent documents to Stakeholders 2. 4/1/20 Meeting scheduled to discuss DHCS comments. 3. 4/6/20 KHS has documents that require approval by DHCS prior to moving forward. Compliance will ask DHCS to approve documents that were submitted in December 2019. 4. Complete | For Plans that have any prior approved texting campaigns on file with DHCS (as of June 18, 2019, forward) to submit a new request related to COVID-19 for "file and use." For those MCPs that do not have an approved texting campaign on file with the DHCS, DHCS indicates it cannot approve "file and use" but will make every effort to expedite review of the submission once received. |
| DHCS | 3/30/2020 | Link | APL20-007 Policy Guidance for Community-based Adult Services in Response to COVID-19 Public Health Emergency | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 APL sent to Stakeholders 2. 4/3/20 Meeting scheduled to review the APL 3. Complete | APL 20-007 provides Plans with policy guidance regarding the temporary authorization of Community-Based Adult Services (CBAS) provided telephonically, in members' homes, and individually in centers, in lieu of congregate services provided at CBAS centers, during the period of this current public health emergency. The APL outlines mechanisms by which CBAS centers may continue to provide services to CBAS members now remaining at home. The APL also addresses reimbursement for these temporary services, as well as reporting requirements for CBAS centers |
| DHCS | 3/30/2020 | Link | Guidance Relating to Non-Discrimination in Medical Treatment for Novel Coronavirus 2019 (COVID-19) | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 Sent to Stakeholders 2. 4/3/20 Heather met with Melissa, Robin DM, and discussed language for Provider Bulletin. 3. 4/9/20 Compliance is drafting and updating potential language for Provider Network Mgmt.'s Provider Bulletin . 4. Complete | DHCS reminds providers that no person, on the basis of mental, developmental, intellectual, or physical disability or a perceived disability, may be unlawfully denied full and equal access to the benefits of Medi-Cal services, including the receipt of COVID-19 treatment, in the event of limited hospital or other health care facility resources and/or capacity. |
| DHCS | 3/28/2020 | Link | Provision of Care in Alternative Settings, Hospital Capacity, and Blanket 1135 Waiver Flexibilities - Mar 27, 2020 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 Sent to all Stakeholders 2. 4/3/20 Stakeholders reviewed requirements and found no impediments to implementation 3. Complete. | The 1135 Waiver relaxes several rules, including: reimbursement to unlicensed facilities under certain conditions, removes restrictions from Critical Access Hospitals, and address the requirement for qualifying hospital stay prior to SNF authorization. |
| DMHC | 3/27/2020 | Link | APL20-012 Health Plan Actions to Reach Vulnerable Populations | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 Carmen working with Stakeholders to complete required submission on 3/31/20 2. Complete | Health Plans should be actively engaging with vulnerable populations. By March 31, 2020, each health plan to which this All Plan Letter applies shall file with the Department of Managed Health Care (DMHC): A description of the steps the health plan has taken or is taking to contact (1) enrollees over age 65 and approximately how many enrollees the Health Plan has contacted in each category provided by the DMHC. |
| DHCS | 3/27/2020 | Link | APL 20-004 Emergency Guidance for Medi-Cal Managed Care Health Plans - Mar 27, 2020 | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent to all Stakeholders on 3/30/20 2. 4/7/20 Stakeholders met and reviewed the APL. There were no impediments to implementation. 3. Complete | Highlights the flexibilities included in the approved 1135 Wavier, including: State Fair Hearings, Provider Enrollment, Prior Authorization, Reimbursement of COVID-19 Testing, and Provision of Care in Alternate Settings. |

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| DHCS | 3/27/2020 | Link | Guidance for Emergency Medi-Cal Provider Enrollment | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/26/20 Sent to Stakeholders 2. 3/27/20 Compliance met with Stakeholders - The Plan is ready to follow the guidance if needed. Will potentially be used for telehealth. 3. Complete | DHCS is establishing requirements and procedures to suspend certain provider enrollment requirements in order to facilitate greater beneficiary access to care. After the crisis the Providers will have to go back and enroll through the normal process. |
| DHCS | 3/26/2020 | Link | State Fair Hearing Timeframe Change - Managed Care - Mar 26, 2020 - Supplement to All Plan Letter 17-006 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/26/20 Sent to Stakeholders 2. 3/27/20 Compliance met with Stakeholders 3. 4/1/20 Compliance met with stakeholders. 4. 04/8/2020 DHCS approved letter language. Stakeholders implementing guidance. 5. Complete | The March 23, 2020, Section 1135 Waiver approval temporarily extends the timeframe and allows beneficiaries to have more than 90 days, up to an additional 120 days, for an eligibility or FFS appeal to request a State Fair Hearing. Specifically, individuals for whom the 90-day deadline would have occurred between March 1, 2020, through the end of the COVID-19 public health emergency, are now allowed up to an additional 120 days to request a State Fair Hearing (i.e. initial 90 day timeframe plus an additional 120 days, for a total of up to 210 days). All other existing State Fair Hearing processes remain unchanged. |
| DHCS | 3/19/2020 | Link | COVID-19 Lab Tests are New Medi-Cal Benefits | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/27/20 Sent to Claims - Robin sent an IR when the codes were first announced. Config has updated. 2. Complete | From the Medi-Cal website, provides testing codes for COVID-19 |
| DMHC | 3/18/2020 | Link | APL20-008 Provision of Health Care Services During Self Isolation Orders | Member Services Health Services Provider Network Mgmt. Compliance | 1. 4/2/20 Sent to Stakeholders 2. 4/6/20 Stakeholder reviewed APL and are working to implement the requirements. 3. Complete | Plans were provided guidance for the provision of Health Care Services During Self Isolation Orders. |
| DHCS | 3/18/2020 | Link | Medi-Cal Payment for Telehealth and Virtual/Telephonic Communications Relative to the 2019-Novel Coronavirus (COVID-19) v.3 | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent 3/19/20 Sent to Stakeholders 2. 3/20/20 Met with Stakeholders 3. 3/23/20 Met with Stakeholders - Action Items include an updated Provider Bulletin, implementation of new codes and rates. 4. 3/30/20 Robin DM put in IR for codes. 5. Complete | The Bulletin provides new codes and rates for telehealth/telephonic encounters. Additionally, it addresses the potential relaxing of the telehealth requirements for FQHCs and RHCs. |
| DMHC | 3/18/2020 | Link | APL 20-009 (OPL) - Reimbursement for Telehealth Services | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/18/20 Compliance reviewed the APL and conferred with Provider Network Mgmt. and concluded that current KHS P&Ps support the APLs requirements and does impede the implementation of APL. 2. Complete | Effective immediately, Plans must comply with the following: shall reimburse providers at the same rate or services provided via telehealth, a health plan may not subject enrollees to cost-sharing greater than the same cost-sharing if the service were provided in person, and Plans shall provide the same amount of reimbursement for a service rendered via telephone as they would if the service is rendered via video provided the modality by which the service is rendered (telephone versus video) is medically appropriate for the enrollee. |
| DHCS | 3/18/2020 | Link | Medi-Cal Payment for Medical Services Related to the 2019-Novel Coronavirus (COVID-19) - Supplemental to APL19-006 | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent 3/19/20 Sent to Stakeholders 2. 3/20/20 Met with Stakeholders 3. 3/23/20 Met with Stakeholders - Action items completed including; Configuration and creation of a Provider Bulletin. 4. Complete | Unless otherwise agreed to by the MCP and provider, MCPs must reimburse providers at the same rate, whether a service is provided in-person or through telehealth, if the service is the same regardless of the modality of delivery and Plan MCPs must provide the same amount of reimbursement for a service rendered via telephone as they would if the service is rendered via video. |
| DHCS | 3/17/2020 | Link | MEDIL I 20-07 Access to Care During Public Health Crisis or Disaster | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent to Stakeholders on 3/30/20 2. Complete | Directive to County Agencies to continue to provide benefits beyond the certification period, as needed, to provide additional time to submit renewals or verifications, and Modify eligibility requirements at application or renewal to allow for self-attest |
| DHCS | 3/16/2020 | Link | Medi-Cal Payment for Medical Services Related to the 2019-Novel Coronavirus (COVID-19) | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/30/20 Sent to Stakeholders 2. Complete | Provides guidance for Medi-Cal providers of existing state and federal laws requiring Medi-Cal providers to ensure their patients do not experience barriers. Discusses telehealth as it relates to providing services timely. |

**KHS COVID-19 Regulatory Guidance
Tracking Log - 10/5/2020
Attachment B**

| State Agency | Date Received by Plan | URL/ Link | Title | Department Impacted | Status | Summary |
|--------------|-----------------------|----------------------|---|--|---|--|
| DHCS | 3/14/2020 | Link | COVID-19 Guidance for NEMT and NMT Providers | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent to Stakeholders on 4/1/20 2. Complete | Provides information to all non-emergency medical transportation (NEMT) and non-medical transportation (NMT) providers as regarding recommended safety procedures and protocols to help prevent spread of COVID-19. |
| DMHC | 3/12/2020 | Link | APL 20-007 (OPL) "Social Distancing" Measures in Response to COVID-19 | Member Services Health Services Provider Network Mgmt. Compliance | 1. 3/16/20 APL sent to Stakeholders 2. Stakeholders reviewed APL and implemented requirements on 3/18/20 3. Complete | Describes how health plans can assist with medically appropriate social distancing in the delivery of health care services for the duration of the state of emergency proclaimed by the Governor |
| DHCS | 3/12/2020 | Link | MEDIL 1 20-06 Public Health Crisis or Disaster Reminders for Medi-Cal | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent to Stakeholders on 3/30/20 2. Complete | Directive to County Agencies to continue to provide benefits beyond the certification period, as needed, to provide additional time to submit renewals or verifications, and Modify eligibility requirements at application or renewal to allow for self-attestation |
| DMHC | 3/6/2020 | Link | APL20-006 COVID-19 Screening and Testing | Member Services Health Services Provider Network Mgmt. Compliance | 1. Sent to Stakeholders on 3/6/20 2. Stakeholders met and reviewed the APL's requirements. 3. Complete | The APL reminds Plans to provide timely access to services during the emergency. Specifically, Covering all medically necessary emergency care without prior authorization, whether that care is provided by an in-network or out-of-network provider. |



Final Report Summary of the 2019 Routine Full Service Survey

Department of Managed Health Care (“DMHC”) Survey Executive Summary

At least once every three years the DMHC evaluates each licensed health care service plan pursuant to the Knox-Keene Health Care Service Plan Act of 1975 through a routine survey that covers major areas of the plan’s health care delivery system.

Surveys are conducted and include a review of the overall performance of the plan in providing health care benefits and meeting the health care needs of members in the following areas: Quality Assurance, Grievances and Appeals, Access and Availability of Services, Utilization Management, Continuity of Care, Access to Emergency Services and Payment, and Prescription (Rx) Drug Coverage.



Department of Managed Health Care (“DMHC”) Survey Executive Summary

On July 10, 2020, the Plan received the DMHC’s Final Report of the 2019 Routine Full Service Survey.

The Compliance Department executed assistance to the Plan’s staff by having:

- **Met with and assisted Plan staff in developing corrective action plans that were responsive to the DMHC findings;**
- **Conducted training to improve documentation standards; and**
- **Reviewed and made recommended changes of policies and procedures to reflect the regulatory requirements of the DMHC.**

The Compliance Department continues to audit and monitor the implementation of the corrective action plans to ensure the Plan remains compliant with all the rules regulations.



| Category/Item | What the Plan will do | Status | Member Impact |
|---|---|---|---------------|
| Quality Assurance | | | |
| The Plan does not have a Public Policy committee that complies with the required membership criteria. | Expanded the Plan's Public Policy Committee to meet membership criteria. | Board of Directors appointed new Public Policy Committee members. | Low |
| The Plan's governing body does not consistently review and approve its Quality Improvement (QI) Program written documents. | Annually, the Board of Directors will review the Quality Improvement Consent Agenda for approval. | Compliance is monitoring the status. Second quarter of 2021 the Board of Directors will review. | Low |
| Utilization Management | | | |
| The Plan's denial letters do not consistently include a description of the criteria or guidelines used, and the clinical reasons for the decisions regarding medical necessity. | Staff will receive training for standardizing the content of denial letters. | Staff has received training for standardizing the content of denial letters. Compliance performs a quarterly audit of the denial letters sent to Members. | Low |
| The Plan does not have UM policies and procedures addressing the denial of services to terminally ill patients. | The Plan will update current policies and procedures to meet the DMHC policy requirements. | The Plan has updated several P&Ps that address the denial of services to terminally ill patients. Compliance is continuing to monitor. | Low |
| Access and Availability of Services | | | |
| The Plan does not have a documented system for monitoring and evaluating rescheduled appointments. | The Plan will implement a documented system for monitoring and evaluating rescheduled appointments. | Quarterly, Provider Network Management reviews all grievances that were categorized as "Access to Care" or "Difficulty Accessing a Specialist". | Medium |



| Category/Item | What the Plan will do | Status | Member Impact |
|---|--|--|---------------|
| <i>Grievance and Appeals</i> | | | |
| The Plan does not ensure all oral expressions of dissatisfaction are considered grievances, and therefore does not ensure adequate consideration of enrollee grievances and rectification when appropriate. | Training documents will be updated to better define and identify Member "dissatisfactions" as Member "grievances". | Previous Member "dissatisfaction" reports have been reclassified and processed as Member "grievances" from Members. Compliance is auditing the process. | Medium |
| The Plan does not consistently include, in its written responses to grievances involving the delay, denial or modification of health care services, the criteria and clinical reasons for its decision. | Staff will receive training for standardizing written responses to grievances involving the delay, denial or modification of health care. | Staff have received training to standardize responses to grievances. Compliance is monitoring the content of the responses to Members. | Medium |
| The Plan does not immediately inform enrollees, upon receipt of expedited grievances, of their right to contact the Department with their grievance. | A process will be established to inform Members of their right to contact the DMHC after they received an expedited grievance. | The Grievance Coordinators log the calls when they inform the Member of their right to contact the DMHC. Compliance will review the logs quarterly. | Medium |
| The Plan does not consistently identify potential quality issues (PQIs) in exempt grievances. | The process will be updated to ensure that all grievances where a PIC is identified, is pulled from Exempt status and sent to Quality Improvement (QI) for review. | Processes were updated to include that all grievances, where a PIC is identified, will be pulled from Exempt status and sent to Quality Improvement for review. Compliance will continue to monitor. | Medium |

Continued...



| Category/Item | What the Plan will do | Status | Member Impact |
|--|--|--|---------------|
| <i>Prescription (RX) Drug Coverage</i> | | | |
| When the Plan has made a decision to deny or modify a request for prescription drug coverage on the basis of medical necessity, the letter that is sent does not consistently contain a clear and concise explanation of the reasons for the Plan’s decision, a description of the criteria or guidelines used, and the clinical reasons for the decision. | Staff will receive training for standardizing the content of denial and treatment modification letters. | Staff received training for standardizing the content of denial and treatment modification letters. Compliance has audited the work product. | Low |
| In letters to providers denying or modifying requested prescription services on the basis of medical necessity, the Plan does not include the direct telephone number or extension of the professional responsible for the decision. | Letters will require updating by the Plan. | The Letters have been remediated and Compliance reviewed the updates. | Low |
| The Plan’s Pharmacy and Therapeutics (P&T) Committee does not document its rationale for decisions regarding the development of, or revisions to, the Plan’s formulary, and does not document its review of policies that guide exceptions and other utilization processes, including drug utilization review, quantity limits, and therapeutic interchange. | The Pharmacy and Therapeutics Committee will update their documentation process related to the Plan’s formulary. | A Committee reporting template was created to standardize the documentation of the Committee’s decisions and processes. | Low |
| The Plan does not update its drug formulary on a monthly basis. | The formulary will be updated monthly. | The Plan’s formulary is updated monthly and posted on the Plan’s website. | Low |



| Category/Item | What the Plan will do | Status | Member Impact |
|--|---|---|---------------|
| <i>Access to Emergency Services and Payments</i> | | | |
| The Plan does not fully document requests for authorization and responses to such requests, for medically necessary post-stabilization care. | Procedures will be updated to ensure proper documentation related to medically necessary post-stabilization care. | Compliance Department is monitoring the updated authorization process for medically necessary post-stabilization of care. | Low |
| The Plan does not provide all non-contracting hospitals in the state with Plan contact information needed to request authorization of post-stabilization care. | Non-contracting hospitals will be provided the Plan's contact information using an annual Provider Bulletin. | The Plan sent a Provider Bulletin with contact information to all non-contracting hospitals in the State and will continue to send the Bulletin annually. | Low |

Continued...





Compliance Department: Fraud, Waste, & Abuse Activity for August and September 2020

The Compliance Department maintains communications with State and Federal agencies and cooperates with their related investigations and requests for information.

Requests from the State Medi-Cal Program Integrity Unit for Information

Plan Members – August to September 2020

The Plan received one request for information regarding a Plan Member in August and September 2020. The nature of the request was related to a potential mail scam the Member reported to the DHCS. The Plan forwarded the information to the State Medi-Cal Program Integrity Unit as required.

Plan Providers – August to September 2020

The Plan received one request for information regarding a Plan Member in August and September 2020. The nature of the request was related to a potential scam the Plan's Member reported to the DHCS. The Plan forwarded the information to the State Medi-Cal Program Integrity Unit as required.

Continued...

The Plan investigates and reports information and evidence of alleged fraud cases to appropriate state and federal officials.

Information compiled during an investigation is forwarded to the appropriate state and federal agencies as required.

Plan Members – August to September 2020

The Compliance Department received two reports of alleged fraud, waste, or abuse regarding Plan Members. One case, was related to a prior allegation . The other reported case, involved a Member picking up a prescription from a pharmacy that had been written for her in error. After completing its investigation, the Plan found the Member did not commit fraud and was unaware that her Provider had not prescribed the medication for her. Additionally, an outstanding allegation of fraud activity by a Member from June 2020 was found to be unsubstantiated by the Plan.

Plan Providers – August to September 2020

During the months of August and September 2020, the Plan did not receive any allegations of fraud, waste, & abuse involving Plan Providers. A review of a previous allegation against a Provider from July 2020 was completed. The allegations were found to be unsubstantiated.





Compliance Department: HIPAA Breach Activity for August & September 2020

Summary of Potential Protected Health Information (“PHI”) Disclosures for August and September 2020

The Plan is dedicated to ensuring the privacy and security of the PHI and personally identifiable information (“PII”) that may be created, received, maintained, transmitted, used or disclosed in relation to the Plan’s members. The Plan strictly complies with the standards and requirements of Health Insurance Portability and Accountability Act (“HIPAA”) and the Health Information Technology for Economic and Clinical Health Act (“HITECH”).

In August and September 2020, the Compliance Department investigated and reported four individual alleged privacy concerns to the DHCS. Three of the reported cases were closed. Three case are still pending final review. DHCS determined the closed cases to be a non-breach due to the corrective action and mitigation steps taken by the Plan, and the low level of risk involved in each case.

ATTACHMENT C

Kern Health Systems COVID-19 Pandemic Programs

(UPDATED 10/01/2020)

Kern Health Systems (KHS) has been closely monitoring the unprecedented events resulting from the COVID-19 pandemic. One key component we are tracking daily is access to care for our members. To support and maintain a strong network of providers to ensure network adequacy, KHS has developed several programs to address the emergency needs of providers during these challenging times. Further, KHS understands the stress and anxiety our members are experiencing with the rising concern this pandemic is causing, therefore we implemented a 24/7 COVID-19 call center which will assist our members to consult with an on-call physician 24/7 regarding any symptoms or questions they may have about COVID-19.

The COVID-19 Provider Relief Program:

KHS continues to provide emergency provider financial relief program which offered advance payments to providers that meet certain requirements. KHS already invested several million dollars in advance payment to 72 different provider offices to assist them during these challenging times where they experienced a financial impact due to the pandemic. The total advance payment will be up to 50% of the average monthly claims' revenue paid by KHS. Each advance payment will be paid on a monthly basis for up to three (3) months.

24/7 COVID-19 Call Center:

Kern Health Systems set up a 24/7 COVID-19 call center for our members to have access to speak to an on-call physician at any time. This program contains the spread of COVID-19 by providing telemedicine or telephonic medical care for KFHC members that have questions specific to COVID-19 AND to provide telemedicine or telephonic medical care to the stable patients at home. For members who are recommended to see additional COVID-19 care, the appropriate isolation, testing and treating sites will be made readily available. The program has Bilingual staff available to assist our members (Spanish, Punjabi & Hindi). The program is made up of 2 providers, 2 receptionist and 2 RNs for 24 hour coverage.

COVID-19 Recuperative Care Beds (COVID-19 and Non-COVID 19):

Kern Health Systems has created a system to facilitate hospital discharges for COVID-19 positive members that continue to require lower level medical services. The two post discharge placement options that will be coordinated between the KHS discharge planning nurse and Recuperative Care Facility. KHS has a guaranteed 10 bed-hold for individuals that are COVID-19+ and cannot safely return to their homes and 10 additional bed-hold for recuperative care of non COVID-19+ members.

COVID-19 Telephonic and Telehealth Providers:

Kern Health Systems expanded its telehealth providers to address a shortage in the traditional face to face visits with members. Also, telephonic visits, as approved by DHCS, were incorporated and promoted within our provider network.

Kern Community Foundation Kern County COVID-19 Relief Fund Donation

KHS donated \$100,000 to the Kern Community Foundation's "Kern County COVID-19 Relief Fund" to support local nonprofits serving vulnerable populations with basic needs. Nine local organizations benefitted from this funding – award amounts ranged from \$3,000 - \$15,000 per organization.

KHS Supports COVID-19 Testing Sites in Kern County

- 5th District Drive-Thru COVID-19 Testing Site at The Prado Senior Center in East Bakersfield. It was the first COVID-19 testing site that was operational for one month.
- 5th District Drive-Thru COVID-19 Testing Site at the Kern County Fairgrounds. It was operation for a month and a half.
- Kern River Valley COVID-19 County Testing Site at Kern Valley Hospital. The site was opened on May 27th and it will be operational through September.
- Oildale COVID-19 County Testing Site at Good Samaritan Hospital. The site was opened on May 15th and it will be operational through August.

Back to Care Programs

Back to Care Alternate Payment Program for PCPs (Sept 1 – Dec. 31, 2020):

KHS shall pay and Physician agrees to accept as full payment the following compensation for all Services rendered to KFHC Members, with a maximum payout of \$10 per member per month (PMPM). Monthly PMPM totals will be determined by the number of members assigned on the 5th day of each month.

Measure 1: Physician shall reach out to all assigned members to announce their hours of operations, telephonic visits and access to care, if needed, The intent of this measure is to promote a Back to Care while maintain sanitation and precautionary measures to avoid the risk of spreading COVID-19. Additionally, this measure should be focused on addressing the MCAS gaps in care, medication refills and delayed care.

Measure 2: Physician will provide outreach to members who have an open specialty care referral to a specialist. Member will be reminded of the open authorized referral and encouraged to make an appointment.

Measure 3: Physician will create and maintain a COVID-19 pre-screening process at the clinic location. Prescreening process will include but not be limited to temperature screenings, symptom evaluation and isolation prior to doctor visit, if needed.

Back to Care Pay for Performance Program for Specialists (Sept 1 – Dec. 31, 2020):

KHS shall pay and Physician agrees to accept an additional \$75 for each unique member fulfilled referral approved during the time period of March 1 – December 31, 2020. A maximum of one visit per unique member will be allowed. KFHC Members must receive service between September 1, - December 31, 2020.

The objectives of the Back to Care Pay for Performance Program are to:

- a) Improve quality and access to care under the Plan;
- b) Financially incentivize Specialty Care Providers to encourage and promote members Back to Care after the decline in medical care due to COVID-19 pandemic; and
- c) Improve Physician and Member satisfaction.

Local Hospitals COVID-19 Assistance Program (Sept 1 – Dec. 31, 2020):

A temporary compensation adjustment for local, contracted hospitals was developed and intended to offset the increased costs of care for COVID19 positive patients; increase cost of staffing model to accommodate the influx of patients due to COVID 19; and increased in sanitation procedures. The adjustment in rate can also cover expenses for additional PPE supplies in order to reduce the spread of COVID 19, as well as reduce the risk of exposure while in the hospital.

KHS has committed up to \$52,000,000 in available funds for COVID-19 related programs.

ATTACHMENT D

Back to Care Communication Campaign

Below are design comprehensives of Billboard and Print/Digital advertisements.

Billboard Examples (English & Spanish)



Print/Digital Ad Example





To: KHS Board of Directors
From: Bruce Wearda, R.Ph.
Date: October 15, 2020
Re: Pharmacy & Therapeutics (P&T) modifications

Background:

The P&T Committee has determined that the KHS formulary adequately provides medically necessary drug classes and appropriate limits to help ensure that the pharmaceutical available and their manner prescribed will:

- provide appropriate treatment in alignment with national guidelines
- contribute to the quality of care to our members and
- minimize fraud, waste, and abuse

In addition, the P&T Committee endeavors to see that all available medication on the KHS formulary remains efficacious, cost effective and safe to prescribe.

The formulary was evaluated for Cardiology examining:

- upcoming therapies
- current medication
- current but older medication for their continued relevance

Requested Action:

Accept the following recommendation of the P&T Committee to **add** the following medications to the formulary:

- Voltaren (diclofenac) Gel OTC (used for mild – moderate pain as an Opioid alternative)
- Icy Hot (Lidoderm 4%/menthol 1%) patch (used for mild – moderate pain as an Opioid alternative)

Accept the following recommendation of the P&T Committee to **modify** use of the following medications in the formulary:

- Farxiga (dapagliflozin) - (Expand use for cardiology since it is recognized as a new indication for this traditional diabetic drug)
- Jardiance (empagliflozin)- (Expand use for cardiology since it is recognized as a new indication for this traditional diabetic drug)

SUMMARY

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, August 7, 2020

8:00 A.M.

COMMITTEE RECONVENED

Members present: Deats, McGlew, Melendez, Rhoades

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

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

COMMITTEE ACTION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

- CA-3) Minutes for KHS Finance Committee meeting on June 5, 2020 -
APPROVED
Melendez-Rhoades: All Ayes
- 4) Report on Kern Health Systems investment portfolio for the second quarter ending June 30, 2020 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-McGlew: All Ayes
- 5) Proposed Agreement with Cotiviti, Inc., for Healthcare Effectiveness Data and Information Set (HEDIS) software that is required to report annual health quality metrics to the State of California, from September 8, 2020 through September 7, 2022 (Fiscal Impact: \$300,625; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: All Ayes
- 6) Request to Authorize approval of contracts associated with the procurement of Fast Healthcare Interoperability Resources (FHIR) System and Professional Services with one of the three vendors (upon completion of contracting) in the amount not to exceed \$850,000 over five (5) years in capital expenses to complete the Interoperability corporate project (Fiscal Impact: \$850,000; Budgeted) -
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-Melendez: All Ayes
- 7) Proposed Agreement with Commercial Cleaning Systems, Inc., for commercial janitorial services for 2900 Buck Owens Blvd., from September 6, 2020 through September 5, 2021 (Fiscal Impact: \$170,000 annually; Budgeted) –
APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Melendez: All Ayes
- 8) Report on Kern Health Systems financial statements for May 2020 and June 2020 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Rhoades-Melendez: All Ayes
- 9) Report on Accounts Payable Vendor Report, Administrative Contracts between \$30,000 and \$100,000 for May 2020 and June 2020 and IT Technology Consulting Resources for the period ended May 31, 2020 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Rhoades: All Ayes

ADJOURN TO FRIDAY, OCTOBER 9, 2020 AT 8:00 A.M.
Rhoades

