KERN HEALTH SYSTEMS

REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, April 14, 2022
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, April 14, 2022

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 SILENT CELL PHONES AND OTHER ELECTRONIC DEVICES DURING THE MEETING

BOARD TO RECONVENE

Directors: McGlew, Stewart, Deats, Bowers, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Rhoades, Thygerson, Watson
ROLL CALL:

1) Board Resolution to Allow Virtual Board Meeting Participation Pursuant to Government Code Section 54953 (Fiscal Impact: None) -
APPROVE

ADJOURN TO CLOSED SESSION

CLOSED SESSION

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

3) Review and Consideration of Personnel Matter
(Government Code Section 54957)

8:30 A.M.

BOARD TO RECONVENE

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

4) 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 FACILATATOR WILL INDICATE WHEN THERE IS 15 SECONDS REMAINING TO YOUR PRESENTATION TIME!

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CA-6) Minutes for Kern Health Systems Board of Directors regular meeting on February 10, 2022 (Fiscal Impact: None) –
APPROVE

CA-7) Minutes for Kern Health Systems Board of Directors special meeting on March 21, 2022 (Fiscal Impact: None) –
APPROVE

CA-8) Minutes for Kern Health Systems Board of Directors special meeting on March 23, 2022 (Fiscal Impact: None) –
APPROVE

CA-9) Minutes for Kern Health Systems Board of Directors special meeting on March 30, 2022 (Fiscal Impact: None) –
APPROVE

10) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2021 (Fiscal Impact: None) –
APPROVE

11) Proposed Resolution Waiving the Retired Annuitant 180-Waiting Period (Fiscal Impact: None) –
APPROVE

12) Kern Health Systems Nominating Committee Reinstatement (Fiscal Impact: None) –
APPROVE

CA-13) Proposed Agreement with Zipari, Inc, for Technical Support and Maintenance for KHS' Provider and Member Portal, from June 7, 2022, through June 7, 2025, (Fiscal Impact: $1,986,734; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA-14) Proposed Agreement with Cognizant, for the purchase of the QNXT Claims Workflow, from April 14, 2022, through April 14, 2027 (Fiscal Impact: $793,758; Budgeted) -
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA-15) Proposed Agreement with SHI, for Cisco Phone System Licensing, from April 22, 2022, through April 22, 2025, (Fiscal Impact: $188,716 per three years; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA-16) Proposed Agreement with FindHelp, for a Community Supports Services Referral System, from April 18, 2022, through April 18, 2025, (Fiscal Impact: $255,012; Budgeted) -
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA-17) Proposed Agreement with SS&C Health, Inc., for Pharmacy Billed Medical Supplies from June 1, 2022 to March 30, 2023, (Fiscal Impact: $300,000 annually estimated; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

CA-18) Report on Kern Health Systems 2022 Corporate Goals for 1st Quarter (Fiscal Impact: None) –
RECEIVE AND FILE

19) Proposed Agreement with Transforming Local Communities (TLC, Inc.), for designing and implementing a Student Behavioral Health Incentive Program (SBHIP), from April 14, 2022, through December 31, 20222, (Fiscal Impact: $479,285; Budgeted) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

20) Report on 2021 Department of Health Care Services Medical Audit (Fiscal Impact: None) –
RECEIVE AND FILE

21) Report on Kern Health Systems financial statements for December 2021 and January 2022 (Fiscal Impact: None) –
RECEIVE AND FILE

CA-22) Report on Accounts Payable Vendor Report, Administrative Contracts between $30,000 and $100,000 for December 2021 and January 2022, IT Technology Consulting Resources for the period ended December 31, 2021, HR Hiring Report for the period ending February 28, 2022 and Major Organ Transplant Report for the period ending February 28, 2022 (Fiscal Impact: None) –
RECEIVE AND FILE

CA-23) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) –
APPROVE; AUTHORIZE CHIEF EXECUTIVE OFFICER TO SIGN

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

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

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

CA-27) Miscellaneous Documents –
RECEIVE AND FILE

A) Minutes for Kern Health Systems Finance Committee meeting on February 4, 2022

ADJOURN TO JUNE 16, 2022 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.

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Douglas Hayward, CEO

Date: April 14, 2022

Re: AB 361 Remote Meeting Resolution

Background

The Governor's executive order suspending certain requirements of the Brown Act regarding board meetings has expired, but the proclamation of a state of emergency is still in place. The Legislature has amended Govt Code 54953 to include provisions allowing remote meetings during a state of emergency under certain conditions. The attached resolution allows the Board to continue meeting remotely until the state of emergency is lifted and social distancing is no longer recommended or required. If the Board adopts the resolution, it will have to renew the resolution every 30 days.

Recommended Action

The Board adopt the resolution and continue with remote meetings during the month of April 2022 or until the state of emergency is lifted.

KERN HEALTH SYSTEMS

RESOLUTION

In the matter of:

A RESOLUTION OF THE BOARD OF DIRECTORS OF KERN HEALTH SYSTEMS PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS FOR THE MONTH OF APRIL 2022

Section 1. WHEREAS

(a) Kern Health Systems is committed to encouraging and preserving public access and participation in meetings of the Board of Directors; and

(b) Government Code section 54953, as amended by AB 361, makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953, subject to the existence of certain conditions; and

(c) a required condition is that there is a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; and

(d) Governor Newsom declared a State-wide state of emergency due to the Covid-19 pandemic on March 4, 2020, which declaration is still in effect, and state and local health officials continue to recommend social distancing; and

(e) the Board of Directors does hereby find that the resurgence of the Covid-19 pandemic, particularly through the Delta variant, has caused, and will continue to cause, conditions of peril to the safety of persons that are likely to be beyond the control of services, personnel, equipment, and facilities of Kern Health Systems, and desires to proclaim a local emergency and ratify both the proclamation of state of emergency by the Governor of the State of California and the Kern County Health Department guidance regarding social distancing; and

(f) based on the above the Board of Directors of Kern Health Systems finds that in-person public meetings of the Board would further increase the risk of exposure to the Covid-19 virus to the residents of the Health Authority, staff, and Directors; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that it shall conduct Board meetings without compliance with paragraph (3) of

subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, in compliance with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, all meetings of Board of Directors will be available to the public for participation and comments through virtual measures, which shall be fully explained on each posted agenda.

Section 2. NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Kern Health Systems hereby finds, determines, declares, orders, and resolves as follows:

1. This Board finds that the facts recited herein are true and further finds that this Board has jurisdiction to consider, approve, and adopt the subject of this Resolution.

2. Proclamation of Local Emergency. The Board hereby proclaims that a local emergency now exists throughout the Health Authority, as set forth above.

3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2021.

4. Remote Teleconference Meetings. The Chief Executive Officer, staff, and Board of Directors are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

5. Effective Date of Resolution. This Resolution shall take effect on December 1, 2021, and shall be effective until the earlier of December 31, 2021, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which Kern Health Systems may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

6. Termination of this Resolution. This Resolution will automatically terminate on the day that both the Governor's Declaration of Emergency and any local agency guideline for social distancing are no longer in effect.

The Clerk of the Board of Directors shall forward copies of this Resolution to the following:

Office of Kern County Counsel

Kern Health Systems

I, Sheilah Woods, Clerk of the Board of Directors of Kern Health Systems, hereby certify that the following resolution, on motion of Director _____, seconded by Director _____, was duly and regularly adopted by the Board of Directors of Kern Health Systems at an official meeting thereof on the 14th day of April, 2022, by the following vote and that a copy of the resolution has been delivered to the Chairman of the Board of Directors.

AYES:

NOES:

ABSENT:

_____
Sheilah Woods, Clerk
Board of Directors
Kern Health Systems

SUMMARY

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Regular Meeting
Thursday, February 10, 2022

8:00 A.M.

BOARD RECONVENED

Directors: McGlew, Stewart, Deats, Bowers, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Rhoades, Thygerson, Watson
ROLL CALL: 10 Present; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

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
Rhoades

CLOSED SESSION

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

8:15 A.M.

BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 1 concerning a Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUIS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPPROVED ALL PROVIDERS RECOMMENDED FOR **INITIAL CREDENTIALING FOR JANUARY 2022;** DIRECTOR MCGLEW ABSTAINED FROM VOTING ON SPLAWN; DIRECTOR GARCIA ABSTAINED FROM VOTING ON MONTERO; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON NGUYEN, RABANAL,VILLATORO; DIRECTOR THYGERSON ABSTAINED FROM VOTING ON RUNGE, BENAVIDES, ISSA, LIU, MEADE, MONTERO, TESTORI, VALDEZ

Item No. 1 concerning a Request for Closed Session regarding peer review of a provider (Welfare and Institutions Code Section 14087.38(o)) – HEARD; BY A UNANIMOUIS VOTE OF THOSE DIRECTORS PRESENT, THE BOARD APPPROVED ALL PROVIDERS RECOMMENDED FOR **RECREDENTIALING FOR FEBRUARY 2022**; DIRECTOR MCGLEW ABSTAINED FROM VOTING ON FARBER; DIRECTOR HOFFMANN ABSTAINED FROM VOTING ON FARBER, GEIGER, HALL, JONES, MARINAS, REYES; DIRECTOR THYGERSON ABSTAINED FROM VOTING ON LOPEZ, MALERICH, MOTIU

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

CA-4) Minutes for Kern Health Systems Board of Directors regular meeting on December 16, 2021 (Fiscal Impact: None) – APPROVED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-5) Minutes for Kern Health Systems Board of Directors special meeting on January 19, 2022 (Fiscal Impact: None) – APPROVED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

6) Report on the Chief Executive Officer Search Committee Update (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

7) Report on Kern Health Systems 2021 Member Services Survey (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Flores: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

DIRECTOR WATSON ARRIVED AT 9:15 A.M.; DURING THE DISCUSSION OF ITEM 8

8) Report on Kern Health Systems 2022 Employee Satisfaction & Engagement Survey (Fiscal Impact: None) – RECEIVED AND FILED
Thygerson-Martinez: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

9) Report on Kern Health Systems 2021 Provider Satisfaction Survey (Fiscal Impact: None) – RECEIVED AND FILED
Patel-Deats: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

CA-10) Report on Kern Health Systems Proposed 2022 Corporate and Department Goals and Projects and, the 2021 Corporate and Department Goals and Objectives Performance Results (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

11) Report on Kern Health Systems 2022 School Based Wellness Programs and 2021 Results (Fiscal Impact: None) – RECEIVED AND FILED
Nilon-Patrick: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

CA-12) Report on Kern Health Systems Investment Portfolio for the Fourth Quarter Ending December 31, 2021 (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-13) Report on 2021 Annual Review of the Kern Health Systems Investment Policy (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-14) Report on 2021 Annual Travel Report (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-15) Report on 2021 Annual Report of Disposed Assets (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-16) Proposed Amendment to MCG agreement, for the purchase of (2) additional MCG Clinical Care Guidelines, from February 17, 2022 through August 16, 2025 (Fiscal Impact: $141,000 estimated annually; Budgeted) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-17) Proposed Agreement with Ceridian HCM, for Payroll and Human Resources Management Services, from March 18, 2022 through March 17, 2025, in an amount not to exceed $36.00 PEPM (Per Employee Per Month) (Fiscal Impact: $216,000 estimated annually; Budgeted) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

18) Report on Kern Health Systems financial statements for November 2021 (Fiscal Impact: None) – RECEIVED AND FILED
Deats-Martinez: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

CA-19) Report on Accounts Payable Vendor Report, Administrative Contracts between $30,000 and $100,000 for November 2021 IT Technology Consulting Resources for the period ended November 30, 2022 (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

CA-20) Proposed Kern Health Systems provider contracts (rates confidential per Welfare and Institutions Code Section 14087.38(m)) – APPROVED; AUTHORIZED CHIEF EXECUTIVE OFFICER TO SIGN
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

21) 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 2021 4TH QUARTER GRIEVANCE REPORT TO THE BOARD. FORMAL GRIEVANCES FOR THE 4TH QUARTER INCREASED SLIGHTLY BY 32 GRIEVANCES OVER THE 3RD QUARTERS TOTAL. THE GRIEVANCE CATEGORY THAT REFLECTED A SIGNIFICANT INCREASE DURING THE QUARTER WAS POTENTIAL INAPPROPRIATE CARE GRIEVANCES, WITH AN ADDITIONAL 92 GRIEVANCES RECEIVED. THIS INCREASE WAS ATTRIBUTED TO THE DHCS SHARING THEIR REVISED CRITERIAL WITH KHS STAFF DURING THEIR RECENT AUDIT IN SEPTEMBER. EXEMPT GRIEVANCES DECREASED BY 89 GRIEVANCES FROM THE 3RD QUARTER RUN RATE. EXEMPT GRIEVANCES ARE INFORMAL COMPLAINTS SHARED BY MEMBERS WHO DO NOT WANT TO FILE A FORMAL COMPLAINT; HOWEVER, KHS IS STILL REQUIRED TO INVESTIGATE THEIR COMPLAINT. THIS DECREASE REFLECTS THE CORRESPONDING INCREASE IN PIC GRIEVANCES. 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 744 FORMAL GRIEVANCES FOR THE QUARTER, MR. AVERY REPORTED THE MEDICAL NECESSITY GRIEVANCES IS THE CATEGORY WITH THE MOST GRIEVANCES RECEIVED DURING THE QUARTER. MOST OF THOSE GRIEVANCES ARE PRIMARILY RADIOLOGY AND PAIN MANAGEMENT REFERRALS. OF THE TOTAL 266 MEDICAL NECESSITY GRIEVANCES RECEIVED DURING THE QUARTER, 199 WERE UPHELD BY THE GRIEVANCE COMMITTEE AND 67 WERE REVERSED AND RULED IN FAVOR OF THE MEMBER. THE PRIMARY REASON TO UPHOLD THE DECISION IS THE LACK OF 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, A LETTER IS SENT TO THE MEMBER ACKNOWLEDGING RECEIPT AND THE GRIEVANCE IS FORWARDED TO THE QUALITY DEPARTMENT FOR FURTHER REVIEW, INVESTIGATION AND RESOLUTION. DURING THE QUESTION & ANSWER PORTION OF MR. AVERY'S PRESENTATION, BOARD MEMBER NILON REQUESTED MR. AVERY INVESTIGATE IF BENCHMARK DATA COULD BE OBTAINED FROM OTHER MEDI-CAL PLANS ON A PER 1,000 BASIS IN ORDER TO COMPARE THE KHS RATES WITH OTHERS REGARDLESS OF MEMBERSHIP SIZE. HE ALSO ASKED IF THE REPORT COULD CONTINUE TO REPORT THE NUMBER OF MEMBERS AND ENCOUNTERS FOR THE QUARTER AS A COMPARISON AS WELL. MR. AVERY WILL RESEARCH AND RESPOND IN THE NEXT QUARTERLY REPORT - RECEIVED AND FILED
Patrick-Thygerson: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

22) Kern Health Systems Chief Medical Officer report (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Nilon: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

23) Kern Health Systems Chief Executive Officer report (Fiscal Impact: None) – RECEIVED AND FILED
Rhoades-Bowers: 11 Ayes; 5 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez

CA-24) Miscellaneous Documents – RECEIVED AND FILED
Rhoades-Patrick: 10 Ayes; 6 Absent – Stewart, Garcia, Hoffmann, Jones, Melendez, Watson

A) Minutes for Kern Health Systems Finance Committee meeting on December 10, 2021

ADJOURN TO THURSDAY, APRIL 14, 2022 AT 8:00 A.M.
Bowers

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

SUMMARY

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Special Meeting
Monday, March 21, 2022

5:00 P.M.

BOARD RECONVENED

Directors: McGlew, Stewart, Deats, Bowers, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Rhoades, Thygerson, Watson
ROLL CALL: 14 Present; 2 Absent – Patrick, Watson

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
Bowers

CLOSED SESSION

1) Review and Consideration of Personnel Matter (Government Code Section 54957) – SEE RESULTS BEOW

2) Review and Consideration of Personnel Matter (Government Code Section 54957) – SEE RESULTS BEOW

BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 1 concerning a Review and Consideration of Personnel Matter (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

Item No. 2 concerning a Review and Consideration of Personnel Matter (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ADJOURN TO WEDNESDAY, MARCH 23, 2022 AT 5:00 P.M.
Bowers

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

SUMMARY

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Special Meeting
Wednesday, March 23, 2022

5:00 P.M.

BOARD RECONVENED

Directors: McGlew, Stewart, Deats, Bowers, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Rhoades, Thygerson, Watson
ROLL CALL: 14 Present; 2 Absent – Patrick, Watson

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
Garcia

CLOSED SESSION

1) Review and Consideration of Personnel Matter (Government Code Section 54957) – SEE RESULTS BEOW

BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 1 concerning a Review and Consideration of Personnel Matter (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ADJOURN TO WEDNESDAY, MARCH 30, 2022 AT 5:00 P.M.
Flores

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

SUMMARY

BOARD OF DIRECTORS

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Special Meeting
Wednesday, March 30, 2022

5:00 P.M.

BOARD RECONVENED

Directors: McGlew, Stewart, Deats, Bowers, Flores, Garcia, Hoffmann, Jones, Martinez, Melendez, Nilon, Patel, Patrick, Rhoades, Thygerson, Watson
ROLL CALL: 13 Present; 3 Absent – Deats, Patrick, Watson

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
Melendez

CLOSED SESSION

1) Review and Consideration of Personnel Matter (Government Code Section 54957) – SEE RESULTS BEOW

BOARD RECONVENED

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

Item No. 1 concerning a Review and Consideration of Personnel Matter (Government Code Section 54957) – HEARD; NO REPORTABLE ACTION TAKEN

PUBLIC PRESENTATIONS

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

BOARD MEMBER ANNOUNCEMENTS OR REPORTS

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

ADJOURN TO THURSDAY, APRIL 14, 2022 AT 8:00 A.M.
Rhoades

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

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 14, 2022

Re: Report by Daniells Phillips Vaughan & Bock Regarding the 2021 Audit

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Attached for your review are the December 31, 2021 audited financial statements for Kern Health Systems. The scope of the audit comprises the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes to the financial statements. Representatives from the accounting firm Daniells Phillips Vaughan & Bock will be providing a report on the 2021 audit.

Requested Action

Approve.

FINANCIAL REPORT

DECEMBER 31, 2021

KERN HEALTH SYSTEMS

FINANCIAL REPORT

DECEMBER 31, 2021

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DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Health Systems
Bakersfield, California

Opinion

We have audited the financial statements of **Kern Health Systems**, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise **Kern Health Systems** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of **Kern Health Systems**, as of December 31, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension (asset) liability and schedules of pension contributions on pages 4-11 and 39-41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2022 on our consideration of **Kern Health Systems'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Kern Health Systems'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Kern Health Systems**' internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
April 1, 2022

KERN HEALTH SYSTEMS

Management's Discussion and Analysis

Our discussion and analysis of Kern Health Systems' ("KHS", "We", "Us", "Our") financial performance provides an overview of KHS' financial activities for the calendar years ended December 31, 2021 and 2020. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 12.

Overview:

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services ("DHCS") is the single state agency responsible for administering Medi-Cal. In 2021 and 2020, KHS received over 99% of its operating revenue from the State of California. KHS is committed to continually improving the quality of care and service to its members, and to help them access the right care at the right time in the appropriate setting.

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

In general, KHS members are required to use the KHS provider network to receive care. KHS contracts with various health care providers for the provision of medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. Primary Care Physicians (PCPs) along with Physician Assistants and Nurse Practitioners play an integral role in coordinating and managing the care of KHS members by delivering preventive services as well as referring members to other providers for medically necessary services. PCPs are typically trained in internal medicine, pediatrics, family practice and general practice. KHS compensates most of its providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided and incurs costs based on the actual utilization of services. Additionally, KHS works with the provider network to operate efficiently by providing financial and utilization information, physician and patient educational programs, and disease and medical management programs. In 2021 and 2020, KHS paid approximately 92% of its revenue to providers.

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

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

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

Financial Highlights:

- Our net position increased in 2021 by $20,390,142 or approximately 9.0% while in 2020 our net position increased by $12,393,808 or 5.8%.

- Our Medi-Cal enrollment growth showed an average monthly increase of approximately 26,700 members or 10.2% in 2021 compared to 2020. This compared to an average monthly increase of approximately 13,300 members or 5.3% in 2020 compared to 2019. The increase in average monthly membership was due largely to the State not performing redeterminations as a result of the COVID-19 Public Health Emergency (PHE) and increased eligibility as a result of the ongoing PHE.

- We have a capitated arrangement required by the California Department of Health Care Services (DHCS) with another health plan which allows for that plan to provide health care services for assigned members. Assigned membership to this other health plan was 12,692 members at the end of 2021 compared to 10,909 members at the end of 2020. The premium revenue earned for this population was $32.9 million and $25.6 million for the years ended December 31, 2021 and 2020, respectively. As we have no obligation to provide care for this population, the Premiums earned amount reported for the years ended December 31, 2021 and 2020 is net of the $32.2 million and $25.0 million, respectively, of associated capitated expense and the member months shown have been adjusted to remove capitated member months.

- We reported an operating income of $28,457,987 or $8.20 PMPM in 2021 and operating income of $14,204,450 or $4.51 PMPM in 2020. The operating income in 2021 is largely due to increased membership experienced in 2021.

- Managed Care Organization (MCO) Tax Revenues of $119,594,632 or $34.48 PMPM are included in premiums earned in 2021 and $98,918,724 or $31.42 PMPM in 2020. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax methodology changed from a 3.9375% of premium revenue to a fixed PMPM rate. The rate was $33.08 PMPM for the period January 1, 2021 to December 31, 2021 and $30.33 PMPM for the period January 1, 2020 to December 31, 2020. Due to a delay in federal approval by CMS of the extension of the MCO tax program, there was no MCO tax assessment for the period July 1, 2019 through December 31, 2019. The tax amounts are based on projected membership and MCO expense is payable quarterly. MCO Tax Expense is reported as an operating expense and was $112,821,118 or $32.53 PMPM in 2020 and $100,919,574 or $32.05 PMPM in 2020.

- The decrease in nonoperating income of $6,257,203 between 2021 and 2020 is primarily attributable to an increase in Community grant expense to assist providers with the implementation of the requirements under the CalAIM initiative and a decrease in investment and other income due to better market performance experienced in 2020 compared to 2021. We reported Community grant expense of $7,895,437 or $2.28 PMPM in 2021 compared to $4,319,024 or $1.37 PMPM in 2020. We reported investment and other income (expense) of ($172,408) in 2021 or ($0.05) PMPM and investment and other income of $2,508,382 or $0.80 PMPM in 2020.

- We continued with provider quality incentive programs and reported expenses of approximately $5.7 million in 2021 to reward providers who demonstrate improved Managed Care Accountability SET (MCAS) outcomes.

Operational Highlights:

As part of fulfilling our mission while maintaining current operations, KHS engaged in the following activities during 2021:

- Continued with most of our employees working from home, while maintaining or improving operating metrics. Addressed employee hardships and did not reduce the workforce.

- Received the Runner-Up Award for Health Equity among CA Medi-Cal plans. This award recognized the initiative for an organized mobile mammography event in the rural, underserved, town of Taft, California. The outreach efforts focused on connecting with female members 50 years and older, with a strong focus on the Hispanic population (~70% of our membership) and successfully completed 47 screening mammograms.

- Implemented telehealth services according to the DHCS guidance on telehealth flexibility for services rendered to KHS members for nearly all covered benefits including behavioral health, home health, physical therapy, and autism therapy. KHS allowed both synchronous, interactive audio and telecommunications systems and asynchronous store and forward telecommunications systems, thereby allowing both virtual and telephonic communication.

- Created Gaps in Care (GIC) dashboard to support the associated member rewards program for completing preventative care. GIC information is available on both the member and provider portals to support gap closures. Additionally, the GIC dashboard is available internally to all member facing staff who communicate directly with members to educate, coordinate appointments, and to close any preventative care gaps.

- Expanded the Health Homes Program by three locations in 2021, which included two distributive model locations allowing additional access for members to receive integrated care management. Implemented and transitioned members to the CalAIM Enhanced Care Management (ECM) program on January 1,2022.

- Expanded the Transitional Care Program to a second location to reduce preventable hospital readmissions, coordinate care, and address any unidentified needs during the post-acute discharge planning.

- Participated with a community-based organization network to coordinate resources to address social determinants of health.

- Expanded a Population Health Management (PHM) program that addresses individuals' health needs across the continuum of care using tailored health solutions.

- Transitioned Whole Person Care to the ECM program while maintaining care continuity by allowing the Whole Person Care to remain with its existing service provider, Kern Medical.

- Implemented the virtual Fresh Start Program in English and Spanish to aid members with quitting tobacco. This four-week class series was offered monthly and participating members were eligible to receive up to $130 in class incentives.

- Completed the School Wellness Grant Program cycle. Results of participating schools included reductions in school discipline referrals, improvement in student behaviors and mile run times, increase in knowledge on outdoor safety and healthy meal planning, and establishment of school gardens and other environmental changes to support the health and well-being of students.

- Implemented a virtual Diabetes Prevention Program focused on lifestyle change to prevent members from developing diabetes. More than 90% of members registered completed the 1-year program and had a total combined weight loss of 381 pounds. Full CDC recognition for in-person programs was maintained and pending recognition for virtual programs was achieved.

- Implemented the Asthma Mitigation Project in partnership with the Central California Asthma Collaborative. Program is targeted at helping members with poorly controlled asthma better manage their disease to prevent emergency room visits and hospitalizations.

- Continued to offer the Baby Steps Program to educate pregnant and postpartum members on the importance of accessing timely and routine care. Monthly outreach calls and health guides are conducted which includes information on pregnancy milestones, resources.

- Developed and Implemented COVID Vaccine Incentive Program (both member and provider) to increase member awareness and promote vaccinations with the goal of increasing the vaccination rates for our members.

- Implemented various strategies to increase utilization of preventative care to achieve the revised HEDIS External Accountability Set (EAS) targeted goals for the new Managed Care Accountability Set (MCAS) measures. Such strategies include ongoing member and provider education, member outreach and use of provider and member incentives to encourage utilization of qualified preventative services under the Program.

- Transitioned funding for Housing Case Management under the ECM-CSS program to afford KHS members an opportunity to exit homelessness and receive safe, and affordable housing.

- Administered several Alternative Payment Methodologies (“APM”) within provider contracts that focus on quality care coordination and cost reduction strategies. KHS has realized reductions in utilization expenses along with reductions in readmissions.

- Implemented a Behavioral Health Integration Incentive Program to providers interested in developing integrated physical and behavioral health focused initiatives.

- Continued to expand and update a technical solution to continuously without interruption, stream data to the company’s large data processing systems, business reporting systems, third party vendors (e.g., Vision, Pharmacy, etc.), and contracted providers. This system will assist the IT department to proactively monitor the hundreds of data delivery and transformation jobs.

- Continued to make significant improvements to our thirteen-year-old Enterprise Data Warehouse (EDW). This centralized data repository houses data representing several administrative areas including case management, health education, quality improvement measures, claims, pharmacy, lab results, vision, 24-hour nurse hotline, transportation, telephonic communication, and more. KHS uses this EDW to manage employees, provide predictive analytics and utilization anomalies on member’s health, show internal operation’s reporting and analytics, and forecast plan financials.

- Continued with the implementation and expansion of the previously purchased Interoperability system to ensure compliance with the CMS Interoperability Rule to allow members to retrieve from their health plan’s their medical information, claims information, pharmacy, and laboratory information. As adoption of this real-time data exchange increases and evolves, providers and members will have a sound method of obtaining historical clinical information to ensure better health outcomes.

- Celebrated our 25th Anniversary in Kern County.

- Donated over $217,000 to 75 different community-based organizations. Since these organizations serve many of the same constituents, many of our members will receive assistance from these community partners.

- Leveraged technology to exceed hiring and training goals through virtual interviewing, hiring and onboarding as well as exceeding prior years in the completion of training programs resulting in a record 55 promotions in 2021.

- Optimized the Kern County Workforce Innovation and Opportunity Act (WIOA) OJT Program completing the year as the top employer in the program completing 48 OJT contracts resulting in approximately $300,000 of returned wages to KHS in grant funds from the State of California.

Using this Annual Report

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

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

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

The Statements of Cash Flows

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

Condensed Financial Information

Statements of Net Position

KHS' net position is the difference between its assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as reported in the Statement of Net Position. Our net position increased in 2021 and 2020 by $20,390,142 and $12,393,808, respectively. Our Statements of Net Position as of December 31, 2021, 2020, and 2019 are as follows:

	2021	2020	2019
Assets			
Cash and cash equivalents	$ 90,414,348	$ 74,866,934	$ 92,405,797
Investments	195,789,809	169,078,187	111,853,223
Premiums receivable	113,480,033	97,593,440	111,563,581
Hospital directed payments receivable	318,427,442	195,667,272	237,559,106
Other current assets	10,266,007	5,169,830	3,909,688
Capital assets, net	65,520,345	68,655,076	69,786,809
Other assets	2,646,723	5,527,956	1,043,644
Total Assets	$ 796,544,707	$ 616,558,695	$ 628,121,848
Deferred Outflows of Resources	$ 3,665,821	$ 3,018,341	$ 2,889,179
Liabilities			
Accrued medical expenses payable	$ 187,168,103	$ 153,291,888	$ 161,392,611
Hospital directed payments payable	318,427,442	195,667,272	237,317,695
Accrued expenses	41,800,341	35,012,634	10,149,451
Net pension liability	-	8,432,377	7,038,233
Total Liabilities	$ 547,395,886	$ 392,404,171	$ 415,897,990
Deferred Inflows of Resources	$ 5,338,319	$ 86,684	$ 420,664
Net Position			
Net investment in capital assets	$ 65,520,345	$ 68,655,076	$ 69,786,809
Restricted	300,000	300,000	300,000
Unrestricted	181,655,978	158,131,105	144,605,564
Total Net Position	$ 247,476,323	$ 227,086,181	$ 214,692,373

KHS' net position for 2021, 2020, and 2019 exceeded all regulatory requirements for Tangible Net Equity (TNE).

Statements of Revenues, Expenses and Changes in Net Position

Operating results and changes in our net position show an increase in net position of $20,390,142 and $12,393,808 for the years ended December 31, 2021 and 2020, respectively. The increases are made up of various components as outlined below:

	2021	2020	2019	2021	2020	2019
Enrollment						
Total member months				3,611,036	3,266,674	3,093,144
Less non-risk capitated member months				(142,638)	(118,205)	(103,876)
Net member months				3,468,398	3,148,469	2,989,268
Average monthly members				289,033	262,372	249,106
				Per Member Per Month in Dollars *		
Operating Revenue						
Premiums earned	$ 1,086,542,811	$ 936,247,761	$ 819,211,480	$ 313.27	$ 297.37	$ 274.05
Hospital directed payments earned	243,729,688	56,137,431	300,291,112	70.27	17.83	100.46
Other operating revenue	-	261,987	289,296	-	0.07	0.10
Total operating revenue	1,330,272,499	992,647,179	1,119,791,888	383.54	315.27	374.61
Operating Expenses						
Medical and hospital	891,828,161	770,310,287	717,600,716	257.13	244.66	240.06
Hospital directed payments	242,717,835	55,897,946	299,923,121	69.98	17.75	100.33
MCO premium tax	112,821,118	100,919,574	48,401,624	32.53	32.05	16.19
Administrative	47,239,327	46,280,714	43,026,853	13.62	14.70	14.39
Depreciation	7,208,071	5,034,208	2,503,963	2.08	1.60	0.84
Total operating expenses	1,301,814,512	978,442,729	1,111,456,277	375.34	310.76	371.81
Operating income	28,457,987	14,204,450	8,335,611	8.20	4.51	2.80
Nonoperating Revenue (Expenses)						
Investment and other income (expense)	(172,408)	2,508,382	6,725,511	(0.05)	0.80	2.25
Gain on sale of assets	-	-	2,225,369	-	-	0.74
Community grants	(7,895,437)	(4,319,024)	(4,225,086)	(2.28)	(1.37)	(1.41)
Total nonoperating revenue (expenses)	(8,067,845)	(1,810,642)	4,725,794	(2.33)	(0.57)	1.58
Changes in net position	20,390,142	12,393,808	13,061,405	5.87	3.94	4.38
Net position, beginning	227,086,181	214,692,373	201,630,968	65.47	68.19	67.45
Net position, ending	$ 247,476,323	$ 227,086,181	$ 214,692,373	$ 71.34	$ 72.13	$ 71.83

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

Operating Income

The first component of the overall change in net position is our operating income. This is the difference between the premiums earned and the cost of medical services. We earned operating income for the years ended December 31, 2021 and 2020 of $28,457,987 and $14,204,450, respectively.

The primary components of the operating income for 2021 are:

- Premiums earned increased $150,295,050 or $15.90 PMPM in 2021 from 2020. Approximately $108.6 million or $10.60 PMPM is attributed to an increase in premium capitation due primarily to membership increases in 2021 from 2020. Approximately $20.7 million or $3.06 PMPM is due to increased MCO tax premiums received in 2021 from 2020 due to increased MCO tax revenue rates and membership increases above the State's projected enrollment.

- The Medi-Cal average monthly membership increased by approximately 26,700 members or 10.2% over 2021.

- The medical and hospital services costs increased by $121,517,874 and $12.47 PMPM between 2021 and 2020. This increase is attributed to increased utilization of medical services such as inpatient hospital services, provider contract rate increases, and lack of prior year IBNR recoveries due to a risk corridor in place for the Bridge period rate year July 1, 2019 through December 31, 2020. The Medical Loss ratio was 92.0% in 2021 and 2020.

- Administrative expenses increased by $958,613 or a reduction of $1.08 PMPM over 2020 which is attributed to the increase in salaries and benefits for additional staff needed to meet the needs of the organization and regulatory requirements in 2021 but favorable retirement contribution adjustments recognized under GASB 68 reporting requirements. Administrative expense as a percentage of total Operating Revenue (excluding MCO tax revenue and Hospital directed payments earned) was 4.89% in 2021 compared to 5.53% in 2020.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income and community grants. In 2021, the net nonoperating expense amount was attributed to Community Grant Expense of $7,895,437 or $2.28 PMPM.

KHS' Cash Flow

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

General Economic and Political Environment Factors

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

Contacting KHS' Financial Management

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

KERN HEALTH SYSTEMS

STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 90,414,348**	$ 74,866,934
Investments (Notes 2 and 3)	**195,789,809**	169,078,187
Premiums receivable	**113,480,033**	97,593,440
Hospital directed payments receivable (Note 4)	**318,427,442**	195,667,272
Other receivables (Note 5)	**1,313,706**	1,111,072
Prepaid expenses	**3,883,568**	2,223,252
Current portion of provider advances (Note 6)	**5,068,733**	1,835,506
Total current assets	**728,377,639**	542,375,663
Capital Assets (Note 7)		
Land	**4,090,706**	4,090,706
Buildings and improvements	**36,671,140**	36,482,174
Computer hardware and software	**39,165,691**	27,854,345
Furniture and equipment	**4,422,937**	4,255,005
Capital projects in process	**4,580,047**	12,183,359
	88,930,521	84,865,589
Less accumulated depreciation	**23,410,176**	16,210,513
	65,520,345	68,655,076
Other Assets		
Restricted investments (Notes 2, 3 and 11)	**300,000**	300,000
Provider advances, less current portion (Note 6)	**-**	3,671,012
Split dollar life insurance (Note 8)	**1,653,011**	1,556,944
Net pension asset (Note 12)	**693,712**	-
	2,646,723	5,527,956
Total assets	**796,544,707**	616,558,695
Deferred Outflows of Resources (Note 12)	**3,665,821**	3,018,341
Total assets and deferred outflows of resources	**$ 800,210,528**	$ 619,577,036

See Notes to Financial Statements.

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued medical expenses payable (Note 9)	**$ 187,168,103**	$ 153,291,888
Hospital directed payments payable (Note 4)	**318,427,442**	195,667,272
Accrued expenses (Note 10)	**41,800,341**	35,012,634
Total current liabilities	**547,395,886**	383,971,794
Noncurrent Liabilities		
Net pension liability (Note 12)	**-**	8,432,377
Commitments and Contingencies (Note 14)		
Deferred Inflows of Resources (Note 12)	**5,338,319**	86,684
Net Position		
Net investment in capital assets	**65,520,345**	68,655,076
Restricted (Note 11)	**300,000**	300,000
Unrestricted	**181,655,978**	158,131,105
Total net position	**247,476,323**	227,086,181
Total liabilities, deferred inflows of resources and net position	**$ 800,210,528**	$ 619,577,036

KERN HEALTH SYSTEMS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenue		
Premiums earned	**$1,086,542,811**	$ 936,247,761
Hospital directed payments earned (Note 4)	**243,729,688**	56,137,431
Stop-loss insurance recoveries (Note 13)	**-**	261,987
Total operating revenue	**1,330,272,499**	992,647,179
Operating Expenses		
Medical and hospital	**891,828,161**	770,310,287
Hospital directed payments (Note 4)	**242,717,835**	55,897,946
MCO premium tax	**112,821,118**	100,919,574
Administrative	**47,239,327**	46,280,714
Depreciation	**7,208,071**	5,034,208
Total operating expenses	**1,301,814,512**	978,442,729
Operating income	**28,457,987**	14,204,450
Nonoperating Revenue (Expenses)		
Investment and other income (expense)	**(172,408)**	2,508,382
Community grants	**(7,895,437)**	(4,319,024)
Net nonoperating (expenses)	**(8,067,845)**	(1,810,642)
Change in net position	**20,390,142**	12,393,808
Net position, beginning	**227,086,181**	214,692,373
Net position, ending	**$ 247,476,323**	$ 227,086,181

See Notes to Financial Statements.

KERN HEALTH SYSTEMS

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Premiums received	**$1,071,601,137**	$ 950,189,565
Hospital directed payments earned	**120,969,518**	98,029,265
Stop-loss insurance recoveries	**-**	261,987
Medical and hospital payments	**(857,951,946)**	(778,411,010)
Hospital directed payments paid	**(119,957,665)**	(97,548,369)
Administrative expenses paid	**(50,847,730)**	(46,855,627)
MCO premium tax expense paid	**(109,824,001)**	(74,205,406)
Net cash provided by operating activities	**53,989,313**	51,460,405
Cash Flows From Noncapital Financing Activities		
Community grants	**(7,895,437)**	(4,319,024)
Nonoperating income	**240,724**	249,340
Net cash (used in) noncapital financing activities	**(7,654,713)**	(4,069,684)
Cash Flows From Capital And Related Financing Activities		
Acquisition of capital assets -		
Net cash (used in) capital and related financing activities	**(4,173,157)**	(3,902,475)
Cash Flows From Investing Activities		
Net purchases of investments	**(1,299,773,167)**	(1,918,586,630)
Proceeds from maturities of investments	**1,272,817,420**	1,863,879,339
Disbursements made on provider advances	**-**	(5,746,518)
Payments received on provider advances	**437,785**	240,000
Payment for split dollar life insurance	**(96,067)**	(813,300)
Net cash (used in) investing activities	**(26,614,029)**	(61,027,109)
Net increase (decrease) in cash and cash equivalents	**15,547,414**	(17,538,863)
Cash and cash equivalents:		
Beginning	**74,866,934**	92,405,797
Ending	**$ 90,414,348**	$ 74,866,934

See Notes to Financial Statements.

	2021	2020
Reconciliation of operating activities to net cash provided by operating activities		
Operating income	**$ 28,457,987**	$ 14,204,450
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**7,208,071**	5,034,208
Changes in:		
Deferred outflows of resources	**(647,480)**	(129,162)
Net pension (asset) liability	**(9,126,089)**	1,394,144
Deferred inflows of resources	**5,251,635**	(333,980)
Changes in working capital components:		
(Increase) decrease in:		
Premiums receivable and other receivables	**(16,158,417)**	13,819,049
Hospital directed payments receivable	**(122,760,170)**	41,891,834
Prepaid expenses	**(1,660,316)**	467,825
Increase (decrease) in:		
Accrued medical services payable	**33,876,215**	(8,100,723)
Hospital directed payments payable	**122,760,170**	(41,650,423)
Accrued expenses	**6,787,707**	24,863,183
Net cash provided by operating activities	**$ 53,989,313**	$ 51,460,405

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

Global pandemic: On January 30, 2020 the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and by March 10, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus (aka COVID-19) include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which KHS operates.

As COVID-19 is unprecedented, it is difficult to determine its impact to operations, its demand on health care and how it may ultimately affect KHS' bottom line. Government decisions to shelter in place have reduced demand for routine care, while at the same time, demand has increased for other medical services, such as telehealth services and COVID-19 related hospital admissions.

Although utilization for routine care was curtailed during 2020 and in some areas for 2021, 2022 could bring a rebound in medical services from pent up demand from patients staying away from their doctor for fear of contracting the virus in their offices. This increased demand for medical services could result in a significant increase in medical care costs and by extension, related provider claims payments.

KHS continues to assess the financial impact of the pandemic. Despite the challenges it brings to forecasting, KHS believes that KHS' financial resources and particularly KHS' cash flow position will be sufficient to withstand the financial effects of the pandemic for the foreseeable future.

A summary of KHS' significant accounting policies follows:

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

	Years
Buildings and improvements	10-40
Computer hardware and software	3-10
Furniture and equipment	3-5

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

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

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

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

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

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

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

In 2013, KHS entered into a capitated agreement required by the DHCS with another Health Plan which allows for that plan to provide health care services for their assigned members. As KHS had no obligation to provide care for this population, the Premiums earned amount included as part of operating revenue is reported net of the capitated expense associated with assigned members. Capitated expense was $32.2 million for 12,692 members assigned for the year ended December 31, 2021 and was $25 million for 10,909 members assigned for the year ended December 31, 2020.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Premiums revenue: Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange payments for manage health care services provided to KHS members. CMS requires that the rates used in KHS' premiums are to be actuarially sound. Premium revenue is fixed in advance of the periods covered on a per member per month (PMPM) basis and are generally not subject to significant accounting estimates. Premium payments received from DHCS are based on an eligibility list produced by DHCS and are subject to eligibility redeterminations and enrollment backlogs related to the renewal of Medi-Cal coverage. Premium payments are required to be returned if DHCS later discovers that the eligibility list contains individuals who were not eligible. KHS' PMPM rates are typically adjusted annually. KHS receives additional premium revenue in the form of a "maternity kick payment" which is a one-time payment for the delivery of a child. For the years ended December 31, 2021 and 2020 maternity kick payments in the amount of $33.8 million or 3.1% and $31.8 million or 3.4% respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Hepatitis C kick payment" based on the utilization of certain classes of Hepatitis C drugs prescribed. For the years ended December 31, 2021 and 2020 Hepatitis C payments in the amount of $3.2 million or 0.3% and $4.9 million or 0.5%, respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Behavioral Health Treatment kick payment" based on the utilization by its members diagnosed with specific Autism criteria. For the years ended December 31, 2021 and 2020 Behavioral Health Treatment payments in the amount of $15.5 million or 1.4% and $11.7 million or 1.3% respectively, of total premium revenue were recognized. On July 1, 2019, DHCS added as a covered benefit services provided under the Health Homes Program. The Health Homes Program is a program designed to provide enhanced care management and coordination of services for eligible Medi-Cal beneficiaries with complex medical needs and chronic conditions. KHS also receives premium revenue in the form of a "Health Homes Program kick payment" based on utilization of qualifying services by members enrolled in the Health Homes Program. For the years ended December 31, 2021 and 2020, Health Homes Program payments in the amount of $9.4 million or 0.9% and $10.6 million or 1.1%, respectively, of total premium revenue were recognized.

KHS receives supplemental revenue funded by the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) for the purpose of paying additional amounts for qualifying physician services based on certain specified eligible CPT procedure codes. For the years ended December 31, 2021 and 2020 Proposition 56 payments in the amount of $70.9 million or 6.5% and $64.0 million or 6.9%, respectively, of total premium revenue were recognized. KHS also receives supplemental Ground Emergency Medical Transportation (GEMT) revenue provided to for the purpose of paying additional amounts to qualifying GEMT providers based on certain specified eligible CPT procedure codes. For the years ended December 31, 2021 and 2020 GEMT payments in the amount of $6.3 million or 0.6% and $5.7 million or 0.6% respectively, of total premium revenue were recognized.

Premiums are also subject to prior year retroactive rate adjustments based on actual and expected health care costs and are recognized when known in the current year. For the years ended December 31, 2021 and 2020 KHS recognized a net increase of $1.9 million or 0.2% and a net reduction of $2.2 million or 0.2%, respectively, of premium revenue as a result of retroactive membership and rate adjustments.

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Health care service cost recognition: KHS contracts with various health care providers for the provision of certain medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. KHS compensates most of these providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided along with the costs incurred based on the actual utilization of services. The cost of health care services provided but unpaid is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported to KHS. KHS also includes certain medically-related administrative costs such as preventative health and wellness, care management, health education, disease management, 24 hour on-call nurses and other quality improvement costs under medical care services. KHS funds a provider performance quality incentive pool on a per member per month basis (PMPM). Provider participation is based on the similar Managed Care Accountability Set (MCAS) scores that DHCS uses to measure KHS in determining member assignment. KHS determines the level of provider participation based on MCAS scores, with any remaining funds in the pool allocated to the following year incentive pool, community grants, or other quality improvement projects. Additionally, for the years ended December 31, 2021 and 2020, KHS recognized $1.5 million and $1.4 million, respectively, in pharmacy rebates from its pharmacy benefit manager that were received from pharmaceutical manufacturers which have been subtracted from pharmacy expense amounts.

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

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

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

Pass-through funding from DHCS: During the years ended December 31, 2021 and 2020, KHS received $136.5 million and $77.8 million, respectively, of supplemental fee revenue from DHCS. KHS passes these funds through to the designated hospitals and providers. This amount is not reflected in the statements of revenues, expenses and changes in net position for the years ended December 31, 2021 and 2020, as this pass-through amount does not meet the requirements for revenue recognition under Government Accounting Standards.

Advertising: KHS expenses advertising costs as they are incurred. Advertising expense totaled $699,398 and $563,045 for the years ended December 31, 2021 and 2020, respectively.

Reclassifications: Certain items in the 2020 financial statements have been reclassified to conform to the 2021 presentation, with no effect on change in net position.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Subsequent events: KHS has evaluated subsequent events through April 1, 2022, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

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

Authoritative pronouncement not yet adopted: In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management is evaluating the impact of the implementation of this statement on their financial statements.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments at December 31, 2021 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:	
Deposits	$ 3,291,537
LAIF and money market funds	87,122,611
Cash on hand	200
Total cash and cash equivalents	$ 90,414,348

	Cost	Fair Value
Investments:		
Unrestricted:		
Corporate bonds and notes	$ 72,356,848	$ 71,815,789
Government agency bonds and notes	123,990,134	123,974,020
Total unrestricted	196,346,982	195,789,809
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	$ 196,646,982	$ 196,089,809

Cash, cash equivalents and investments at December 31, 2020 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:	
Deposits	$ 2,742,282
LAIF and money market funds	72,124,452
Cash on hand	200
Total cash and cash equivalents	$ 74,866,934

	Cost	Fair Value
Investments:		
Unrestricted:		
Certificates of deposit	$ 199,800	$ 200,277
Corporate bonds and notes	43,710,165	44,062,458
Municipal bonds and notes	2,447,923	2,502,459
Government agency bonds and notes	122,292,012	122,312,993
Total unrestricted	168,649,900	169,078,187
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	$ 168,949,900	$ 169,378,187

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

Investments Authorized by KHS' Investment Policy

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

- Preservation of principal
- Liquidity
- Yield

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

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

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

GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5% of its total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments. There were no investments of any single issuer that exceeded 5% of its total investments as of December 31, 2021or 2020.

Custodial Credit Risk

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Cash Equivalents in State Investment Pool

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

Note 3. Fair Value Measurements

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

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

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

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

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

All investments excluding LAIF, held by KHS at December 31, 2021 and 2020 are considered to be level 1 assets. LAIF funds are considered to be level 2 assets.

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Note 4. Hospital Directed Payments

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

The projected value of the program payment obligations to designated hospitals are accounted for as medical expenses and paid through additional capitation revenue. Due to the timing of the program acceptance by CMS and delays in funding to MCPs, KHS retroactively accrued Hospital Directed Payments receivable of approximately $318.4 million and Hospital Directed payments payable of approximately $318.4 million reported as of December 31, 2021. For the year ended December 31, 2020 KHS accrued Hospital Directed Payments receivable of approximately $195.7 million and Hospital Directed Payments payable of approximately $195.7 million. The amount of additional premium revenue for Hospital Directed Payment programs recognized for the years ended December 31, 2021 and 2020 was approximately $243.7 million and $56.1 million, respectively, and is reported as part of operating revenues. Hospital Directed Payment expense obligations recognized for the years ended December 31, 2021 and 2020 were approximately $242.7 million and $55.9 million, respectively, and are reported as part of operating expenses.

Note 5. Other Receivables

Other receivables consist of the following at December 31, 2021 and 2020:

	2021	2020
Pharmacy rebates	$ 705,000	$ 510,000
Other	566,096	489,272
Interest	42,610	111,800
	$ 1,313,706	$ 1,111,072

Note 6. Provider Advances

In April 2020 as part of the response to the COVID-19 pandemic and in an effort to support its network of providers of care for the more than 258,000 members served, KHS advanced $5.7 million under a COVID-19 Provider Financial Relief Program. Under the Program, provider advance payments were offered to select local network providers of up to 50% of their average 2019 monthly claim payments multiplied by three months. The no interest payment advances were aimed at providing financial assistance to those network providers experiencing financial hardships due to lower utilization of medical services as the result of the Governor's shelter in place order. Monthly repayments of provider advances began in September 2021 and are due on January 1, 2023. In the event of a program payment default, KHS has the right to offset amounts owed by providers against any future monies owed to the provider. As of December 31, 2021 and 2020, provider advances due to KHS totaled $5,068,733 and $5,506,518, respectively.

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Note 7. Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 is as follows:

	Balance January 1, 2021	Additions	Deletions	Transfers	Balance December 31, 2021
Capital Assets Not Being Depreciated:					
Land	$ 4,090,706	$ -	$ -	$ -	$ 4,090,706
Capital projects in progress	12,183,359	3,995,302	(99,731)	(11,498,883)	4,580,047
Subtotal	16,274,065	3,995,302	(99,731)	(11,498,883)	8,670,753
Capital Assets Being Depreciated:					
Buildings and improvements	36,482,174	-	-	188,966	36,671,140
Computer hardware and software	27,854,345	150,872	(5,079)	11,165,553	39,165,691
Furniture and equipment	4,255,005	26,983	(3,415)	144,364	4,422,937
Subtotal	68,591,524	177,855	(8,494)	11,498,883	80,259,768
Accumulated Depreciation:					
Buildings and improvements	1,133,894	908,745	-	-	2,042,639
Computer hardware and software	12,943,051	5,704,200	(4,993)	-	18,642,258
Furniture and equipment	2,133,568	595,126	(3,415)	-	2,725,279
Subtotal	16,210,513	7,208,071	(8,408)	-	23,410,176
Net Depreciable Capital Assets	52,381,011	(7,030,216)	(86)	11,498,883	56,849,592
Total Capital Assets	$ 68,655,076	$ (3,034,914)	$ (99,817)	$ -	$ 65,520,345

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital Assets Not Being Depreciated:				
Land	$ 4,090,706	$ -	$ -	$ 4,090,706
Capital projects in progress	8,743,952	3,439,407	-	12,183,359
Subtotal	12,834,658	3,439,407	-	16,274,065
Capital Assets Being Depreciated:				
Buildings and improvements	36,471,386	10,788	-	36,482,174
Computer hardware and software	27,621,353	282,732	(49,740)	27,854,345
Furniture and equipment	4,085,457	169,548	-	4,255,005
Subtotal	68,178,196	463,068	(49,740)	68,591,524
Accumulated Depreciation:				
Buildings and improvements	226,602	907,292	-	1,133,894
Computer hardware and software	9,417,686	3,575,105	(49,740)	12,943,051
Furniture and equipment	1,581,757	551,811	-	2,133,568
Subtotal	11,226,045	5,034,208	(49,740)	16,210,513
Net Depreciable Capital Assets	56,952,151	(4,571,140)	-	52,381,011
Total Capital Assets	$ 69,786,809	$ (1,131,733)	$ -	$ 68,655,076

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Note 8. Split Dollar Life Insurance

In October 2017, KHS entered into a split-dollar life insurance agreement with a key employee and his beneficiary, whereby the employee is eligible to receive distributions, and KHS will receive $774,526 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of $858,223 and $795,851 at December 31, 2021 and 2020, respectively.

In June 2020, KHS entered into a second split-dollar life insurance agreement with the same employee and his beneficiary as the 2017 agreement, whereby the employee is eligible to receive distributions, and KHS will receive $847,832 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of $794,788 and $761,093 at December 31, 2021 and 2020, respectively.

Note 9. Accrued Medical Expenses Payable

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

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

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

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized $8.7 million and $12.1 million of favorable prior year IBNR adjustments for the years ended December 31, 2021 and 2020, respectively, due to lower-than-expected utilization.

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The contract covering Expansion members requires KHS to expend a minimum percentage of 85% of premiums and a maximum of 95% on eligible medical benefits expense. To the extent that KHS expends less than the minimum percentage of the premiums on eligible medical benefits, KHS is required to refund to the state all or some portion of the difference between the minimum and its actual allowable medical benefits expense. To the extent KHS expends more than the maximum percentage, KHS is entitled to receive additional reimbursement from the state. At December 31, 2021 and 2020 KHS has accrued $0 and $8 million, respectively, to the state for the period July 1, 2016 to December 31, 2021.

Proposition 56: On November 8, 2016, California voters approved Proposition 56 to increase the excise tax rate on cigarettes and tobacco products. Under Proposition 56, a portion of the tobacco revenue is allocation to the Department of Health Care Services (DHCS) for use as the nonfederal share of health care expenditures in accordance with the annual state budget process. Proposition 56 appropriated funds resulted in directed payments made to Medi-Cal managed care health plans for the purposes of paying additional amounts for qualifying physician services based on certain specified CPT procedure codes. The directed payments are subject to a minimum medical expenditure percentage and a portion of capitation payments attributed to this directed payment arrangement will be subject to a two-sided risk corridor. At December 31, 2021 and 2020 KHS has accrued $48.1 million and $31.6 million, respectively, in payments to providers for Proportion 56. If less than the targeted amount accrued is paid to providers, amounts will be returned to the State through the performance of DHCS' risk corridor calculation.

Bridge Risk Corridor: Due to the unprecedented circumstances of the COVID-19 pandemic, DHCS and its contracted actuary determined that a two-sided, symmetrical risk corridor ("Bridge Corridor") would appropriately provide protection for both the State and Medi-Cal managed care plans (MCPs) like KHS. The purpose of the risk corridor is to mitigate potentially significant upward or downward risk associated with COVID-19 that was not determinable at the time of rate development. The Bridge Corridor was retroactive to July 1, 2019 and is based on an estimate provided by guidance obtained from DHCS. At December 31, 2021 and 2020 KHS has accrued $25.5 million and $6.9 million owed to the state for the period July1, 2019 to December 31, 2021.

Accrued medical services and related claims adjustment expenses payable consist of the following at December 31, 2021 and 2020:

	2021	2020
Estimated incurred but not reported claims	$ 82,747,978	$ 73,596,630
Supplemental Proposition 56 provider payments	48,144,699	31,609,126
Bridge risk corridor	25,453,666	6,853,666
Claims payable	22,249,622	25,988,208
Provider performance quality incentive	5,023,866	5,005,163
Allowance for claims processing expense	2,389,766	2,225,904
Provider vaccine incentive	1,158,506	-
Expansion risk corridor	-	8,013,191
	$ 187,168,103	$ 153,291,888

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Note 10. Accrued Expenses

Accrued expenses consist of the following at December 31, 2021 and 2020:

	2021	2020
MCO tax expense	$ 29,533,392	$ 26,536,275
Community grants payable	4,120,333	2,113,300
Salaries and employee benefits	3,818,601	3,474,673
Non-operating passthrough liability	2,050,194	833,451
Other administrative expenses	1,863,208	1,612,215
CalPERS employee and employer contributions	359,613	442,720
New building and construction	55,000	-
	$ 41,800,341	$ 35,012,634

Note 11. Restricted Investments and Tangible Net Equity

As required by the State of California's Department of Managed Health Care, Section 1300.76.1, KHS has acquired certificates of deposit with three financial institutions totaling $300,000. These certificates of deposit have been assigned to the Director of the Department of Managed Health Care as part of the process of obtaining and maintaining its Knox-Keene license, and are legally restricted for this purpose. These certificates of deposit mature in amounts of $100,000 each on June 5, 2022, June 8, 2022 and July 30, 2022.

KHS is a fully licensed health-care service plan under the Knox-Keene Health Care Services Plan Act of 1975 (the "Act"). Under the Act, KHS is required to maintain a minimum level of tangible net equity. The required equity level was approximately $51.4 million and $38.9 million at December 31, 2021 and 2020, respectively. KHS' tangible net equity was approximately $247.5 million and $227.1 million at December 31, 2021 and 2020, respectively.

Note 12. Employee Pension Plans

CalPERS

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

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

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The Plans' provisions and benefits in effect at December 31, 2021 and 2020 are summarized as follows:

	2021			2020	
		Classic	PEPRA	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 60	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52	50	52
Monthly benefits, as a % of eligible compensation	2%	2%	2%	2%	2%
Retirement employee contribution rates	7%	6.92%	6.75%	6.918%	6.75%
Required employer contribution rates	6.709% to 7.159%	8.794% to 8.650%	7.732% to 7.590%	8.081% to 8.794%	6.985% to 7.732%

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

For the years ended December 31, 2021 and 2020, the contributions recognized as part of pension expense were as follows:

	2021	2020
Contributions - employer	$ 2,951,981	$ 2,536,160
Contributions - employee (paid by employer)	$ -	$ -

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

As of December 31, 2021, and 2020, KHS reported net pension (asset) liability for its proportionate share of the net pension (asset) liability of ($693,712) and $8,432,377, respectively.

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KHS' net pension (asset) liability is measured as the proportionate share of the net pension (asset) liability. The net pension (asset) liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. KHS' proportion of the net pension (asset) liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension (asset) liability as of June 30, 2021 and 2020 was as follows:

Proportion - June 30, 2020	0.2881%
Proportion - June 30, 2021	0.3221%
Change - Increase	0.0340%

KHS' net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. KHS' proportion of the net pension liability was based on a projection of KHS' long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. KHS' proportionate share of the net pension liability as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.2642%
Proportion - June 30, 2020	0.2881%
Change - Increase	0.0239%

For the years ended December 31, 2021 and 2020, KHS recognized pension expense of $963,272 and $4,017,997, respectively. At December 31, 2021 and 2020, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 2,980,058	$ -	$ 2,030,993	$ -
Changes in assumptions	-	-	-	86,684
Differences between expected and actual experiences	685,763	-	626,308	-
Net differences between projected and actual earnings on pension plan investments	-	5,338,319	361,040	-
Total	$ 3,665,821	$ 5,338,319	$ 3,018,341	$ 86,684

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$2,980,058 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension (asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31,	
2022	$ (962,157)
2023	(1,036,494)
2024	(1,178,669)
2025	(1,475,236)
	$ (4,652,556)

Actuarial Methods and Assumptions: The total pension liabilities in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions:

	2021	2020
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll growth	2.75%	2.75%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.00% (a)	7.25% (a)
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

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

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

Discount Rate: The discount rate used to measure the total pension liability was 7.15% as of June 30, 2020 and June 30, 2019. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates of 7.15% as of June 30, 2020 and 2019 are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at http://www.calpers.ca.gov.

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According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% as of June 30, 2020 and June 30, 2019, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30% as of June 30, 2020 and 2019. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension (Asset) Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Public Equity (a)	51.4%	10.1%
Private Equity	8.3%	12.0%
Income (a)	29.8%	5.1%
Real Assets	9.6%	8.1%
Total Fund (b)	2.5%	-
Financing and liquidity (c)	-1.6%	1.2%
Total	100%	

(a) Includes exposure from derivatives and repo borrowing used for Trust Level leverage liquidity.
(b) Includes subtotal and totals that may not sum due to rounding.
(c) Reflects derivatives financing and repo borrowing in Trust Level Synthetic Cap Weighted and Synthetic Treasury portfolios. Liquidity reflects net asset value of the Liquidity Segment.

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

	2021	2020
1% Decrease	6.15%	6.15%
Net Pension (Asset) Liability	$ (1,656,732)	$ 13,465,820
Current Discount Rate	7.15%	7.15%
Net Pension (Asset) Liability	$ (693,712)	$ 8,432,377
1% Increase	8.15%	8.15%
Net Pension Liability	$ 102,403	$ 4,273,401

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

Retirement Plan

Plan description and funding policy: KHS has a 401(a)-retirement plan, which was approved by the IRS on August 15, 1996. All full-time employees are eligible to participate in the Plan. KHS matches 100% of contributions made by KHS employees to their 457(b) plan up to a maximum of 6% of the employee's salary. KHS contributions do not vest until the employee has been employed for three years when at such time the employee becomes 100% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was $1,665,198 and $1,614,047 for the years ended December 31, 2021 and 2020, respectively.

Note 13. Stop-Loss Insurance

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

For the years ended December 31, 2021 and 2020 coverage provides reimbursement of approximately 95 percent of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of $2,000,000 per member per contract year.

For each of the years ended December 31, 2021 and 2020 the premium coverage is $0.29 per member per month with no minimum annual premium requirement.

The deductible for each individual member was $300,000 and the Aggregate Specific Retention deductible was $0.23 per member per month (PMPM) for the year ended December 31, 2021. The deductible for each individual member was $300,000 and the Aggregate Specific Retention deductible was $0.27 per member per month (PMPM) for the year ended December 31, 2020.

Stop-loss insurance premiums of $1,000,259 and $904,111 are included in medical and hospital expense for the years ended December 31, 2021 and 2020, respectively. There were no stop-loss insurance recoveries for the year ended December 31, 2021. Stop-loss insurance recoveries of $261,987 are included in operating revenue for the year ended December 31, 2020.

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Note 14. Commitments and Contingencies

Litigation

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

Professional Liability Insurance

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

Cyber Insurance

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

Pharmacy

As of December 31, 2021, KHS managed the pharmacy benefit for its members by contracting with a Pharmacy Benefit Manger (“PBM”) to assist with claims processing and pharmacy rebate services. Effective January 1, 2022, DHCS transitioned most Medi-Cal pharmacy benefits from managed care plans like KHS to fee-for-service (“FFS”). DHCS believes that this was required to combat rising prices for prescription drugs by increasing the State’s bargaining power in negotiating prescription drug prices with pharmaceutical companies. The impact of the pharmacy benefit transition is not expected to have a material adverse impact to the overall operations of KHS**.** For the year ended December 31, 2021, KHS recognized $116,469,893 in Pharmacy revenue and $3,224,445 in Hepatitis C supplemental kick revenue as part of its premium capitation which in total accounted for approximately 13.1% of reported Premiums earned. For the year ended December 31, 2021, KHS reported $107,035,326 in Pharmacy expense and $3,138,427 in Hepatitis C expense, and received $1,494,616 from Pharmacy Rebates, which in total accounted for approximately 12.2% of reported Medical and hospital expenses. For the year ended December 31, 2020, KHS recognized $117,750,322 in Pharmacy revenue and $4,867,111 in Hepatitis C supplemental kick revenue as part of its premium capitation which in total accounted for approximately 13.1% of reported Premiums earned. For the year ended December 31, 2020, KHS reported $99,509,583 in Pharmacy expense and $3,776,146 in Hepatitis C expense, and received $1,378,251 from Pharmacy Rebates, which in total accounted for approximately 13.3% of reported Medical and hospital expenses.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

COVID-19 Vaccination Incentive Program

Kern Health Systems embarked on an aggressive COVID-19 Vaccination Incentive Program that aligns with the Department of Health Care Service's initiative to materially increase vaccines among California's Medi-Cal population. This program focuses on identifying unvaccinated beneficiaries, educating them as to the vaccine's importance, increasing access to COVID-19 vaccination sites and providing incentives to encourage becoming vaccinated. Starting September 1, 2021 through February 28, 2022, KHS will be offering an incentive to members who get fully vaccinated. Providers that are willing to enhance their efforts in getting their assigned members vaccination and become a vaccination site, are also being incentivized. KHS has also partnered with several community organizations and initiatives that are focusing on education and access to COVID 19 vaccinations in Kern County. As of December 31, 2021, KHS reported additional Medi-Cal premium revenue of $4,868,689 related to Vaccine Incentive Programs and medical expense of $3,585,718.

Regulatory Matters

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

Changes in the regulatory environment and applicable laws and rules also may occur periodically in connection with political and administrative initiatives at the local, state, or national level. Much of the federal and state focus in 2021 was related to the COVID-19 response. This included federal and state efforts to expand access to COVID testing and treatment services. The State budget also put forth retro-active and prospective rate reductions for Medi-Cal Managed Care Plans. Additionally, in 2021 there were numerous temporary changes in regulatory requirements related to the COVID-19 Public Health Emergency (PHE). While most conversations were on hold during the COVID PHE, the Governor's administration and the legislature also continue to consider a single-payer healthcare system for California.

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

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

This initiative began January 1, 2022 and has a significant operational impact to Medi-Cal Managed Care Plans (MCPs) like KHS. Some examples include, transitioning the DHCS Health Homes Program and Whole Person Care Program to an Enhanced Care Management and Community Support Services programs along with additional Transplant services to MCPs, a proposal to carve-in Long Term Care to MCPs, a proposal requiring all MCPs operate a Duals Special Needs Plan (D-SNP), and a proposal requiring all MCPs to become NCQA accredited.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Information Technology

KHS is dependent on effective and secure enterprise commercial information systems that assist in the operational processing and management of eligibility, benefits, payments, providers, clinical quality, benefit utilization, and clinical population oversight. These third-party systems, vendor relationships, and support models/contracts are critical in managing data that is essential for internal and external (regulators) oversight and required KHS to monitor data security measures to adhere to CMS and HIPAA regulations. This makes our operations vulnerable to adverse effects if such third parties fail to perform adequately. KHS' Management Information Systems department is constantly engaged in the third-party contracts that govern these systems while reviewing technical architectures, third-party operational models, and the business continuity and disaster recovery solutions using private and public cloud systems. KHS continued to be impacted by COVID-19 and a hybrid workforce and telecommuting model. KHS has operationalized its support team and processes leveraging third-party solutions to continue its operations for this new telecommuting work model. The KHS information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems while developing new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards, changing customer preferences, acquisitions, and increased security risks.

Encounter Data

KHS is required to submit complete and correct encounter data to DHCS. The accurate and timely reporting of encounter data is becoming increasingly important to determine compliance with performance standards and in setting KHS' premium rates. Inaccurate encounter reporting could result in penalties and fines being assessed by DHCS.

The Health Insurance Portability and Accountability Act

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Premium and Eligibility Reconciliations

Premium payments received by KHS from DHCS are based on eligibility lists generated between DHCS and by county agencies that are responsible for determining Medi-Cal eligibility. In a report issued on October 30, 2018 by the California State Auditor, the report indicated "questionable payments" for many counties throughout California, including Kern County. During the period January 1, 2014 through December 31, 2017 amounts of $10,421,757 relating to Managed Care Premiums and $2,854,656 relating to Fee For Service Payments for a total of $13,276,413 of payments by DHCS were identified for Kern County primarily due to beneficiaries being eligible on the DHCS eligibility system and not being eligible on the county agency eligibility system. During the first quarter of 2020, DHCS recouped approximately $563,000 relating to payments previously received by KHS for members that were determined to be deceased by DHCS. This amount was subtracted from KHS' 2019 revenues. There were no significant recoupments in 2021 for deceased members but it remains unclear if any additional amounts will be recouped by DHCS from KHS. Accordingly, premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

Expansion Risk Corridor Liability Adjustment

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

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

Bridge Corridor Liability Adjustment

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Patient Protection and Affordable Care Act

In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transformed the U.S. health-care system and increased regulations within the U.S. health insurance industry. This legislation expanded the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that took effect from 2010 through 2020, with most measures effective in 2014. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2014 to nearly all low-income people under age 65 with income at or below 138% of the federal poverty line. The federal government paid 100% of the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016, 95% in 2017, 94% in 2018, 93% in 2019, 90% in 2020, and 95% in 2021. For the years ended December 31, 2021 and 2020, KHS served an average of 74,684 and 64,929 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately $345.8 million and $320.6 million, respectively.

Contract Commitment

In September 2014 KHS entered into a ten-year contract with a vendor to supply software, licensing, support and maintenance, including a migration process from the existing software. Expenses are paid annually and are subject to change based on changes to the Consumer Price Index and changes in membership. At December 31, 2021 the total future contract commitments are as follows:

Years ending December 31,	
2022	$ 635,538
2023	386,142
2024	386,142
	$ 1,407,822

Note 15. Concentration of Revenue

KHS' operating revenue is primarily derived from the California Department of Health Care Services (DHCS). KHS' current contract term with DHCS is to provide health care services through December 31, 2022, and is subject to cancellation upon either party giving at least six months written notice. For the years ended December 31, 2021 and 2020 over 99% of KHS' total revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints.

REQUIRED SUPPLEMENTARY INFORMATION

KERN HEALTH SYSTEMS

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
As of December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan- Last 10 Years*							
Proportion of the net pension liability	0.32206%	0.28810%	0.26415%	0.23579%	0.21146%	0.19046%	0.17122%
Proportionate share of the net pension (asset) liability	$ (693,712)	$ 8,432,377	$ 7,038,233	$ 5,865,463	$ 6,082,752	$ 4,769,187	$ 3,104,717
Covered - employee payroll	$ 20,710,645	$ 19,428,164	$ 19,020,118	$ 17,733,290	$ 17,150,840	$ 17,364,146	$ 9,949,051
Proportionate share of the net pension liability as a percentage of covered-employee payroll	-3.35%	43.40%	37.00%	33.08%	35.47%	27.47%	31.21%
Plan's fiduciary net position (in thousands)	$ 18,065,792	$ 14,702,361	$ 13,979,687	$ 13,122,440	$ 12,074,500	$ 10,923,476	$ 10,896,036
Plan fiduciary net position as a percentage of the total pension liability	90.49%	77.71%	77.73%	77.69%	75.39%	75.87%	79.89%

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2021, 2020, 2019, 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

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

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

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Classic Plan - Last 10 Years*							
Contractually required contribution (actuarially determined)	$ 2,951,981	$ 2,536,160	$ 2,074,974	$ 1,822,052	$ 1,625,952	$ 1,314,297	$ 841,252
Contributions in relation to the actuarially determined contributions	2,951,981	2,536,160	2,074,974	1,822,052	1,625,952	1,314,297	841,252
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 20,710,645	$ 19,428,164	$ 19,020,118	$ 17,733,690	$ 17,150,940	$ 17,364,146	$ 9,949,051
Contributions as a percentage of covered-employee payroll	14.25%	13.05%	10.91%	10.27%	9.48%	7.57%	8.46%
Notes to Schedule							
Valuation date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and assumptions used to determine contribution rates:							
Actuarial cost method	Entry-Age Normal Cost Method						
Amortization method	Level percentage of assumed future payrolls						
Remaining amortization period	23 years	24 years	25 years	26 years	27 years	28 years	29 years
Asset valuation method	5-year smoothed market						
Inflation	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Salary increases	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Investment rate of return (a)	7.00%	7.15%	7.15%	7.15%	7.15%	7.65%	7.50%
Retirement age	50 years and 5 years of service						
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.						

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

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for 2021, 2020, 2019, 2018, 2017 and 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

KERN HEALTH SYSTEMS

SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2021

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

Notes to Schedule

Valuation date:	June 30, 2014

Methods and assumptions used to determine contribution rates:

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

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

OTHER INDEPENDENT AUDITOR'S REPORT

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

NANCY C. BELTON

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

Board of Directors
Kern Health Systems
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Kern Heath Systems**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise **Kern Health Systems**' basic financial statements, and have issued our report thereon dated April 1, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

Report on Compliance and Other Matters

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

Purpose of This Report

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
April 1, 2022

KERN HEATLH SYSTEMS

Report to the Finance Committee

April 1, 2022

DANIELLS PHILLIPS VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

Finance Committee
Kern Health Systems

Attention: Wayne Deats Jr., Finance Committee Chair

We are pleased to present this report related to our audit of the financial statements of **Kern Health Systems** for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **Kern Health Systems**' financial reporting process.

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

Daniells Phillips Vaughan & Bock

April 1, 2022

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Required Communications

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

Area	Comments
Our Responsibilities with regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 14, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. **Significant or Unusual Transactions** We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates".

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

Kern Health Systems

Summary of Significant Accounting Estimates
Year Ended December 31, 2021

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization's December 31, 2021, financial statements:

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

Kern Health Systems

Summary of Uncorrected Misstatement
Year Ended December 31, 2021

During the course of our audit, management made us aware of a correction recorded in the current year for prior year depreciation expense which resulted from facts made known to management during the current audit period. Depreciation expense for the current year should not have included any depreciation expense relating to the prior period. This uncorrected misstatement was determined by management to be immaterial, both individually and in the aggregate, to the financial position, results of operations, cash flows and related financial statement disclosures. Following is a summary of those differences.

	Effect — Increase (Decrease)				
Description	**Assets**	**Liabilities**	**Equity**	**Revenue**	**Expense**
To record depreciation expense in the proper period.	$ -	$ -	$ 1,492,971	$ -	$ (1,492,971)

Exhibit A
Representation Letter

KERN HEALTH SYSTEMS

April 1, 2022

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

This representation letter is provided in connection with your audits of the basic financial statements of **Kern Health Systems** as of December 31, 2021 and 2020, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of April 1, 2022:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 14, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

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

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

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

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

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

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

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

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

10. We have informed you of all uncorrected misstatements.

    As of and for the year ended December 31, 2021, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Effect — Increase (Decrease)				
Description	Assets	Liabilities	Equity	Revenue	Expense
To record depreciation expense in the proper period.	$ -	$ -	$ 1,492,971	$ -	$ (1,492,971)

11. With respect to the service of drafting the financial statements and providing guidance on new authoritative pronouncements performed in the course of the audit:

    a. We have made all management decisions and performed all management functions;

    b. We assigned an appropriate individual to oversee the services;

    c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgments and decisions that were made.

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

    a. Compliance with bond indentures or other debt instruments;

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

    c. Disclosures related to professional liability coverages;

    d. Disclosures related to self-insured risks.

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

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

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

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

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

e. Medical malpractice obligations expected to be incurred with respect to services provided through December 31, 2021

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

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

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

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

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

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

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

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

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

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

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

17. In addition, we believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining the IBNR accrual are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Organization's actuary.

Information Provided

18. We have provided you with:

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

    b. Additional information that you have requested from us for the purpose of the audits.Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.

    c. Minutes of the meetings of the directors and committees of directors and committees or summaries of actions of recent meetings for which minutes have not yet been prepared.

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

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

21. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those.

22. We have no knowledge of allegations of fraud or suspected fraud affecting the Organization's basic financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

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

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

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

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

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

27. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.We are aware of no communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations or noncompliance with laws and regulations in any jurisdiction, including those related to Medicare and Medicaid antifraud and abuse statues; deficiencies in financial reporting practices; or other matters that could have a material adverse effect on the financial statements.

28. The following have been made available to you:

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

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

29. There are no:

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

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

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

Supplementary Information

31. With respect to management's discussion and analysis, the schedules of proportionate share of the net pension liability and the schedules of pension contributions presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

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

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP, regulatory or contractual requirements, management's criteria, or other requirements.

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

Kern Health Systems

Douglas A. Hayward
Chief Executive Officer

Robert Landis
Chief Financial Officer

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Tim McGlew, Chairman

Date: April 14, 2022

Re: Resolution to Establish an Exception to the 180-day Wait Period for Doug Hayward to be a Retired Annuitant pursuant to California Government Code Sections 7522.56 & 21224

Background

Doug Hayward will retire from his KHS position as Chief Executive Officer (CEO) effective July 6th, 2022. KHS desires to appoint Mr. Hayward to work as a retired annuitant to provide advisory and consulting services to the incoming CEO to ensure a smooth transition in leadership pursuant to Government Code Section 21224.

In compliance with Government Code Section 7522.56, KHS is required to provide the California Public Employees' Retirement System (CalPERS) with a certification and resolution when hiring a retiree before 180 days has elapsed since the retiree's retirement date. Government Code Section 7522.56 requires that a retiree's post-retirement employment cannot commence earlier than 180 days after the retirement date without a certification and resolution. In Mr. Hayward's case, that would be January 6th, 2023. KHS believes it is necessary to hire Mr. Hayward immediately upon his retirement to ensure a smooth transition to the incoming CEO.

The employment period shall be limited to 960 hours per fiscal year and the compensation paid cannot be less than the minimum nor exceed the maximum monthly base salary paid to other team members performing comparable duties. Additionally, Mr. Hayward will not receive any other benefits, incentives, compensation in lieu of benefits, or any other form of compensation to the hourly pay rate.

It is anticipated that Mr. Hayward's scope of work will include advisement on direction and oversight of KHS activities and/or strategies, advisement and assistance on regulatory requirements and helping to make connections with leaders of regulatory agencies and key stakeholders. As part of his employment, Mr. Hayward will support the CEO with historical background/context, institutional knowledge sharing, leadership development and coaching on external stakeholder relationships.

This extra help is critically necessary for KHS as his guidance will support KHS in its transition to new leadership and KHS will benefit from his extensive knowledge and expertise in directing KHS for over 10 years. Without this extra help, KHS would be unable to obtain his specialized knowledge of both internal and external operational, rate setting and regulatory issues.

Mr. Hayward's hourly rate will be $189.56 which matches his current salary as CEO.

Reason for Immediate Hiring as Retired Annuitant

The following are two key reasons why KHS desires to appoint retiree Doug Hayward to work as a retired annuitant before 180 days has elapsed after his retirement:

1. We continue to be in a public health emergency in the nation, which creates a need for KHS to take steps to ensure stability during the CEO transition.

2. CalAIM and other State initiatives have had a major impact on the structure and processes for delivering health care, including significant changes in the delivery of new and transitioning Medi-Cal programs and benefits (i.e., Enhanced Case Management, Community Supports, Major Organ Transplants, pharmacy transition to Medi-Cal Rx, Behavioral Health, Long-Term Care Support and Services, mandatory transition of dual eligible into managed care, regional rates and potential Dual Eligible Special Needs Plan). These are unprecedented times of change for the Medi-Cal program, creating a need to provide the incoming CEO with advisory support.

Requested Action

Recommend the governing board approve Resolution 032122-01 to approve an exception to the 180-day wait period for Doug Hayward to be a Retired Annuitant pursuant to California Government Code Sections 7522.56 & 21224.

Kern Health Systems (KHS)
Resolution 032122-01

Resolution approving an Exception to the 180-day wait period for Doug Hayward to be a Retired Annuitant pursuant to California Government Code Sections 7522.56 & 21224.

WHEREAS in compliance with Government Code Section 7522.56, the Kern Health Systems Board of Directors (KHS) must provide CalPERS this certification resolution when hiring a retiree before 180 days has passed since his or her retirement date: and

WHEREAS Doug Hayward CalPERS ID # ("Mr. Hayward"), will retire from KHS in the position of Chief Executive Officer effective July 6, 2022; and

WHEREAS KHS would like to appoint Mr. Hayward to work as a retired annuitant to provide advisory and consulting services to the incoming CEO, as Mr. Hayward has the specialized skills needed in performing work of limited duration, to ensure a smooth transition in leadership pursuant to Government Code Section 21224; and

WHEREAS Section 7522.56 requires that post-retirement employment commence no earlier than 180 days after the retirement date, which is January 06, 2023, without this certification resolution: and

WHEREAS Section 7522.56 provides that the exception to the 180-day wait period shall not apply if the retiree accepts any retirement-related incentive; Mr. Hayward did not accept or receive any such retirement-related incentive; and

WHEREAS the Governing Board hereby desires to appoint Mr. Hayward as an extra help retired annuitant in accordance with Government Code Sections 7522.56 and 21224, effective July 6, 2022, to ensure the smooth transition of leadership by sharing his institutional knowledge of the organization and specialized knowledge of both internal and external operational, rate setting and regulatory issues; and

WHEREAS it is critical for the new CEO transition that Mr. Hayward be hired as soon as possible to provide needed input to the new CEO ; and

WHEREAS this extra help is critically necessary for KHS as Mr. Hayward's guidance will support KHS in its transition to new leadership because of his extensive knowledge and expertise in directing a Medi-Cal plan, such as KHS, for the last ten (10) years.

WHEREAS the COVID-19 pandemic has had a major impact on the structure and processes for delivering health care, including significant changes in the delivery of new and transitioning Medi-Cal programs and benefits; and

WHEREAS Mr. Hayward has had many years of experience that would ensure a smooth transition to new leadership during the public health emergency and major changes to the delivery system; and

WHEREAS no matters, issues, terms, and/or conditions related to this employment and appointment have been or will be placed on the consent calendar; and

WHEREAS the employment shall be limited to 960 hours per fiscal year; and

WHEREAS the compensation paid cannot be less than the minimum nor exceed the maximum monthly base salary paid to other team members performing comparable duties; and

WHEREAS the hourly rate will be One Hundred Eighty-Nine Dollars and Fifty Six Cents ($189.56) which matches his current salary without bonus; and

WHEREAS Mr. Hayward will not receive any other benefits, incentives, compensation in lieu of benefits, or any other form of compensation in addition to this hourly pay rate.

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board finds and determines as follows:

- The KHS Board of Directors hereby certifies the nature of the appointment of Mr. Hayward as described herein and his appointment is necessary to provide input and perform functions necessary to ensure the smooth transition of leadership beginning on July 6, 2022 because the Board has determined that the specialized skills possessed by Mr. Hayward are necessary for this purpose.

- The KHS Board of Directors hereby approves the resolution to waive the 180-day wait period pursuant to Government Code Sections 7522.56 and 21224.

- The KHS Board of Directors, at its regular meeting, assembled on April 14, 2022, that the Resolution for an Exception to the 180-Day Wait Period in Accordance with California Government Code Sections 7522.56 and 21224 is approved.

Adopted by the Governing Board on April 14, 2022.

_____

Cindy Stewart
Secretary, Kern Health Systems

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Tim McGlew, Chairman

Date: April 14, 2022

Re: Reappointment Request for Directors and Nominating Committee Reinstatement

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The Board will need to undertake the following tasks:

1. The following members of the Board of Directors' terms in office are about to expire and will need to be considered for reappointment by the Kern County Board of Supervisors:

    - Michael Bowers – 1st District Community Representative
    - Kristen Beall Watson Ed.D. – 5th District Community Representative

    Note: Both Directors indicated an interest to continue serving on the Board and none have exceeded their term limit as defined under Kern Health Systems Bylaws.

2. The following members of the Board are resigning from the KHS Board effective June 30th, 2022.

    - Larry Rhoades
    - Todd Jones

    Note: Notification of Directors' resignations were sent to the appointing Supervisor and to the Board of Supervisors c/o Clerk's office to initiate procedures for replacement.

3. With the Chairman's Office term ending, the Vice Chairman seat vacant, and Director Deats desire to step down as Treasurer, it is necessary to develop a new slate of candidates for these Officer positions for Board consideration and election.

The Reappointment steps include

1. A letter of endorsement is sent to the Kern County Board of Supervisors requesting reappointment of Directors Bowers and Watson.

2. Following consideration, The Kern County Board of Supervisors schedules the vote for reappointment at one of its upcoming Board meetings.

3. Kern Health Systems is notified of the outcome of the vote.

4. Appointed members are seated for a second term at the next KHS Board meeting following the Board of Supervisors reappointment.

Note: Since the KHS By-laws entitle Board members, whose terms ended, to continue to serve until such time as reappointed or replaced, no disruption of service on KHS's Board will occur during the reappointment consideration process.

Nominating Committee Structure

The Kern Health Systems Bylaws call for selecting three members of the Board to serve on the Nominating Committee. In the past, the current Board Chairman served as Chairman of the Nominating Committee as one of its three members.

Sheilah Woods will be available to assist with any logistics on the Committees' behalf including coordinating any communication, correspondence or scheduling that the Committee requires.

Requested Action

1. Authorize Chairman McGlew to send a letter to the Board of Supervisors endorsing reappointment of Directors' Bowers and Watson for their second term in office.

2. Accept Larry Rhoades and Todd Jones' resignation effective June 30, 2022. Offer assistance to the appointing County District Supervisor to locate and nominate qualified candidates to replace Mr. Rhoades and Mr. Jones.

3. Appoint a Nominating Committee to present a slate of Officers to fill the positions of Chairman, Vice Chairman and Treasurer for consideration by the Board at its June 16th Board Meeting.

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Alan Avery, Chief Operating Officer

Date: April 14, 2022

Re: Renewal of Zipari Agreement

Background

In December 2015, Kern Health Systems ("KHS") issued a Request for Proposal ("RFP") to identify vendors to replace the existing Provider and Member Portal. After evaluating proposals, KHS selected HealthX as the provider for these services. In December of 2020 HealthX merged with Zipari to improve connectivity between Payers, Members and Providers.

Overview

During the past years, Zipari has partnered with KHS to provide exceptional member and provider access. Provider acceptance and use of the KHS portal has increased to the point where currently 97% of professional prior authorization requests and 99% of all inpatient admissions are submitted via the portal. Providers also have availability to confirm member eligibility, patient gaps in care, check claim and authorization status along with geo mapping for the provider network. Member adoption and use of the member portal is also on the increase. Currently 44,301 members have registered and used the member portal. The top five reasons members call into Member Services could be resolved using the member portal along with access to gaps in care along with geo mapping for the Provider Network. Since the implementation of the Zipari Provider and Member Portals, KHS has successfully linked the core QNXT and JIVA administrative platforms to the Zipari Portals, thus improving Member and Provider connectivity. KHS has been very satisfied with the services provided by Zipari.

Financial Impact

This agreement will not exceed $1,986,734 per three years.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

Provider and Member Portal Renewal

Board of Directors
April 14, 2022

Alan Avery
Chief Operating Officer

Background

- December 2015 KHS conducted RFP process to replace its existing provider portal (Patriot) that was no longer supported and implement new member portal- **regulatory requirement**
- May 2016 selected HealthX and executed initial 3 year agreement.
- May 2019 renewed HealthX and executed additional 3 year agreement.
- December 2020 HealthX merges with Zipari to improve connectivity between payers, members and providers.
- The Zipari Member and Provider Portals are fully integrated with KHS Core Systems-QNXT & JIVA
- KHS has been very satisfied with the Zipari portal products and overall vendor performance.

KHS Provider & Member Portal Services

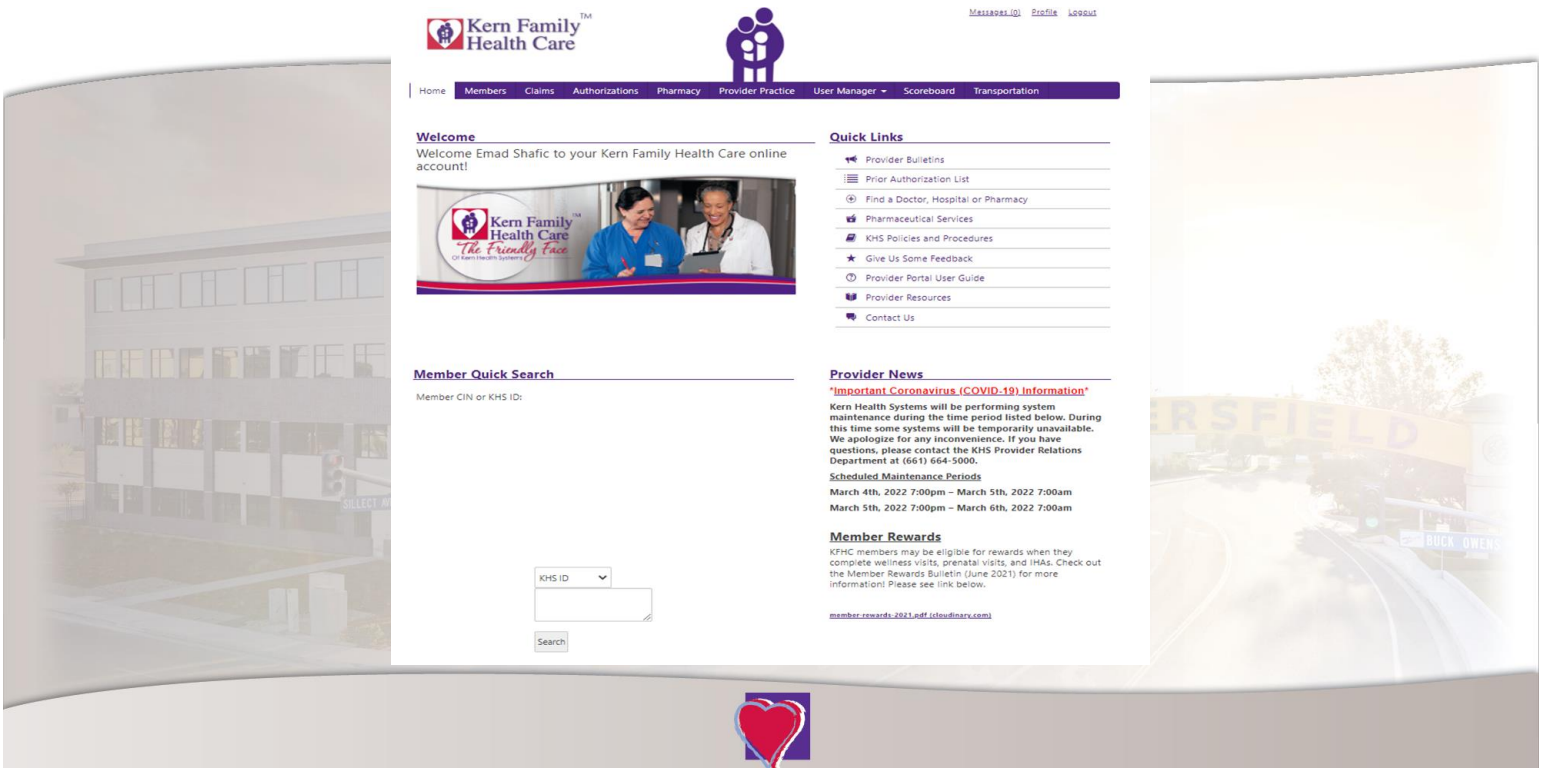
- Self Help Tools: Request ID Card, PCP Change, Demographic Change, Allow access to account, and request information
- View Key Information: View Healthcare Reminders-Gaps in Care, view referrals, take screenshot of Member ID Card
- Locate Providers: PCP & Specialty Provider Search, Locate Plan Urgent Care or Hospital, Google Directions to provider locations
- View Benefits: View/Download Member Handbook & Provider Directory
- Member Assist: KHS MSRs can assist portal users-see what they see, and we can help perform the on-line function for them.
- Quick Links: Several automatic links for transportation services, interpreting services and filing a complaint/grievance.
- Member Utilization: 44,301 Members have an on-line account

2021 Activity
1630 PCP Changes
6515 Demographic Changes
1876 ID Cad requests


Kern Family Health Care
MESSAGES 1
PROFILE
LOGOUT
A+
Español
Primary Insured - Kern Family Health Care
Home
Coverage & Benefits
Referral History
Helpful Information
FAQ
Find A Provider
Contact Us
KFHC covers medically necessary screenings and testing for the coronavirus (COVID-19) at no cost to you.
Learn about the COVID-19 Vaccine>
Learn more about COVID-19 and important health care updates>
Welcome
Welcome JUAN, to your Kern Family Health Care online account!
LINK
up with KFHC!
Download Your
FREE Mobile App
TODAY!
Coverage Summary
Member ID:
Member Name:
JUAN
Status:
Active
Assigned Primary Care Provider:
CSV - ARVIN COMMUNITY HEALTH CENTER
View Full Eligibility
Health Care Reminders
Status
Health Action
Description
Get a Reward
Due by 03/31/22
Initial Health Assessment
This is the first visit to your Primary Care Provider (PCP) and it helps your PCP know your health needs. Please complete this visit within 120 days or 4 months of enrolling in your plan.
Complete this visit and we will mail you a $10 gift card.
Quick Links
Member Rewards Program
Pregnancy Rewards Program
My KFHC Member ID Card
Change my PCP
Urgent Care vs. Emergency Room
Speak to a 24 Hour Advice Nurse
Public Safety Power Shutoffs
Sign-up for Health Education
Enhanced Care Management (ECM)
Allow/Deny Access to My Account
I Need a Ride to my Appointment
Add my Baby - Report a Newborn
Behavioral Health Information
Interpreting Services
File a Member Grievance
Give Us Your Feedback!
Did You Know?
Your benefits can help you keep your new year resolution.
Still thinking on what day to start your new lifestyle to better health? Click here to see what classes you can sign up for or give us a call at 1-800-391-2000.

KHS Provider Portal Services

- Check Member Eligibility
- View Members Gaps in Care (including COVID-19 Vaccination Status) for MCAS/HEDIS Compliance
- Check Claim receipt and payment status
- On-Line vs. Paper Submission of Outpatient Prior Authorizations & Inpatient Admissions (Participating Providers Only)
  - Inpatient 99%
  - Outpatient 97%
- Review Authorizations
- 2D Provider peer profile comparison
- Complete PCS forms to authorize NEMT transportation services for members.
- Provider Portal 2021 Pageviews
  - Total views = 10,026,411
  - Unique Views = 4,273,396


Kern Family Health Care
Messages (0) Profile Logout
Home Members Claims Authorizations Pharmacy Provider Practice User Manager Scoreboard Transportation
Welcome
Welcome Emad Shafic to your Kern Family Health Care online account!
Kern Family Health Care
The Friendly Face
Quick Links
Provider Bulletins
Prior Authorization List
Find a Doctor, Hospital or Pharmacy
Pharmaceutical Services
KHS Policies and Procedures
Give Us Some Feedback
Provider Portal User Guide
Provider Resources
Contact Us
Member Quick Search
Member CIN or KHS ID:
KHS ID
Search
Provider News
Important Coronavirus (COVID-19) Information
Kern Health Systems will be performing system maintenance during the time period listed below. During this time some systems will be temporarily unavailable. We apologize for any inconvenience. If you have questions, please contact the KHS Provider Relations Department at (661) 664-5000.
Scheduled Maintenance Periods
March 4th, 2022 7:00pm – March 5th, 2022 7:00am
March 5th, 2022 7:00pm – March 6th, 2022 7:00am
Member Rewards
KFHC members may be eligible for rewards when they complete wellness visits, prenatal visits, and IHAs. Check out the Member Rewards Bulletin (June 2021) for more information! Please see link below.
member-rewards-2021.pdf (cloudinary.com)

Financial Terms

- Current Zipari Member & Provider Portal Expense
  - Monthly = $48,700
  - Annual = $584,000
- Proposed Three Year Renewal Expense
  - Year 1: $601,932*
  - Year 2 $661,030**
  - Year 3 $723,772**
  - Projected contract expense = **$1,986,734**
- An RFP was not initiated for this renewal as Zipari is the sole source vendor integrating our two core operating systems (QNXT & JIVA). In addition, the new CalAIM Community Support Referral System will be added to the integrated Member and Provider portals this year making the RFP timing and process unrealistic with significant risk. Pricing is competitive with similar products. Management is committed to reviewing alternative solutions prior to the new renewal.

*3% CPI Increase
**3% CPI Increase + Estimated 5% Membership Increase

Recommendation

- KHS Management recommends to the Board to renew our current agreement with Zipari and sign a three (3) year renewal extension.

- Request the Board of Directors authorize the CEO to approve a three year contract renewal with Zipari in the amount not to exceed $1,986,734 for three years for member and provider portal services.

Questions

For additional information, please contact:

Alan Avery
Chief Operating Officer
661-664-5000

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: EXEC Department Head: Alan Avery

Vendor Name: Zipari, Inc. Contact name & e-mail: Paul Weiler, paul.weiler@zipari.com

What services will this vendor provide to KHS? Zipari will provide a hosted software solution for a Provider and Member Portal to include recurring support and maintenance for three (3) years.

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☐ New agreement ☒ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: In December 2016, KHS underwent an RFP process to identify Provider and Member Portal systems. KHS leveraged a third-party vendor to assist in the portal selection process to ensure that the system is operationally and technically compatible with KHS. KHS selected Zipari (formerly HealthX) as the provider for these services. Brief Explanation: This contract is for the continuation of services with Zipari for a hosted Member and Provider portal software solution. The contract includes monthly support and maintenance.

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

Brief vendor selection justification: _____

☒ Sole source – no competitive process can be performed.

Brief reason for sole source: KHS currently holds an ongoing contract with Zipari for these services.

☐ Conflict of Interest Form is required for this Contract

☒ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget	☐ NO	☒ YES
Will this require additional funds?	☒ NO	☐ YES
Capital project	☒ NO	☐ YES

Project type: _____

Budgeted Cost Center 225 GL# 1663

Form updated 01/05/22

Maximum cost of this agreement not to exceed: $1,986,734.00 per three years

Notes: ____

Contract Terms and Conditions

Effective date: 6/8/2022 Termination date: 6/8/2025

Explain extension provisions, termination conditions and required notice: _____

Approvals

Compliance DMHC/DHCS Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Contract Owner:

Approved by Alan Avery
Department Head

per contract meeting 3/22/22
Date

Purchasing:

Approved by Alonso Hurtado
Director of Procurement and Facilities

per Contract meeting 3/22/22
Date

Reviewed as to Budget:

Chief Financial Officer or Controller

3/30/22
Date

Recommended by the Executive Committee:

Chief Operating Officer

3-30-2022
Date

IT Approval:

Approved by Richard Pruitt
Chief Information Officer or IT Director

per contract meeting 3/22/22
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 01/05/22

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Alan Avery, Chief Operating Officer

Date: April 14, 2022

Re: QNXT Claims Workflow

Background

The KHS Claims Department currently uses an internally developed claims workflow tool that allows management to route, prioritize and track provider claims inventory. This workflow tool was developed pre QNXT (current KHS' Core System) implementation and was adapted in October 2015 to work with the QNXT claims system. At the time of the QNXT implementation, the KHS workflow tool surpassed the functionality of the QNXT workflow tool. However, since 2015, Cognizant has invested significant developmental resources to the QNXT workflow tool, now surpassing the functionality of the outdated KHS internal developed workflow tool.

Overview

KHS Claims Management is recommending the acquisition and implementation of the robust QNXT workflow tool to improve the management of provider claims inventory. This fully integrated tool will provide increased flexibility to manage the new CalAIM claims, increase auto adjudication along with decreasing overall processing timelines. Not only does the functionality of the current QNXT workflow tool surpass the KHS internally developed workflow tool, Cognizant is continually making investments and quarterly updates to their workflow tool to remain current with regulatory and industry payment changes. It is estimated a savings of $1,082,120 will be achieved as a result of eliminating the need to increase future claims staffing to accommodate membership growth by 2 claims examiners in the first three years, and an additional claims examiner in the last two years of the proposed five-year agreement.

Financial Impact

This agreement will not exceed $793,758 per five years.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

QNXT Claims Workflow

KHS Board of Directors
April 14, 2022

Alan Avery, Chief Operating Officer
Robin Dow-Morales, Director of Claims

Background

- Workflow software provides system functionality that allows the routing, prioritization, and tracking of provider claims inventory.
- Existing Claims Workflow was developed by KHS I.T. to work with previous claims platform and adapted in 2015 for QNXT.
- KHS continued to track progress of Cognizant QNXT Claims workflow development
- New QNXT Workflow product surpasses functionality of internal developed software system.
- CalAIM has added unique provider types requiring increased flexibility in distributing work to appropriate claims staff.
- KHS needs flexibility in provider reimbursement models.
- KHS continually looking for automation of claims distribution, auto adjudication, avoid increasing staff and improve provider satisfaction thru decreased processing time.

Current/New System Comparison

Current System	New System
Claims Processors are required to track the claim in Workflow and work the claim separately in QNXT.	Processor tracks and works the claim at the same time. One screen handles the work and tracking.
Distribute claims into queues using prioritization hierarchies and user defined rules.	Distribute claims into queues using increased robust prioritization hierarchies and expanded user defined rules.
Examiners must log in and out of each queue to have work routed. Time consuming for Lead and Examiners to monitor and move queues.	Ability to assign multiple queues to an examiner so that claims will be routed from all queues on set criteria.
KHS I.T. staff must continually manage updates and functionality to keep current with regulatory updates.	Cognizant continually invests in new functionality with quarterly updates by seeking input from end users.
N/A	Audit routing rules and integrates with current Claim Audit Tool.

Current/New System (cont.)

Current System	New System
N/A	Ability to create target dates, allowing for prompt pay contracts.
N/A	Ability to create rules to override specific edit criteria to allow for additional auto-adjudication to pay.
N/A	Ability to create rules to accept specific edit criteria to allow for auto-denials.
Dashboards are a snapshot in time, each morning for Managers and Supervisors.	Dashboards for Mgt as well as one for End Users with real-time refreshes.

Cost

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Membership Count	320,000	325,000	330,000	335,000	340,000
Annual License Fee based on Membership	$120,828	$122,628	$124,308	$125,868	$127,068
Implementation	$149,058	$0.00	$0.00	$0.00	$0.00
Technology	$24,000	$0.00	$0.00	$0.00	$0.00
Total Annual Cost	$293,886	$122,628	$124,308	$125,868	$127,068
5 Year Total Cost					$793,758

ROI

- Based on projected membership increases and new Cal-Aim programs, 2 additional Claim Examiners were anticipated as needed beginning Year 1.
- Projected need for 2 additional Claim Examiners for other Cal-Aim programs, such as long term care in years 4 and 5.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
CEIII	$78,012	$78,012	$78,012	$78,012	$78,012	$390,060
CEII	$76,012	$76,012	$76,012	$76,012	$76,012	$380,060
CEII				$78,000	$78,000	$156,000
CEII				$78,000	$78,000	$156,000
Staff Cost						$1,082,120
Workflow Cost						$793,758
5 Year ROI						$288,362

Benefits to KHS

- Flexibility to manage new CalAIM benefit and program claims.
- Adds new provider payment flexibility options.
- Increase Auto Adjudication
- Increase provider satisfaction-quicker & accurate payments
- Full integration with QNXT and integrated platforms
- Continual investments and quarterly updates by Cognizant to remain current with regulatory and industry payment changes
- ROI-eliminate need to increase claims future staffing needs for membership growth. 2 examiners for years 1-3 and 2 additional examiner for years 4-5 ($1,082,000 savings vs. $793K expense)

Recommendation

- Request the Board of Directors to authorize the CEO to sign a five-year agreement with Cognizant for QNXT Claims Workflow in the amount to not exceed $793,758 for a period of five years.

Questions

For additional information, please contact:

Alan Avery
Chief Operating Officer
661-664-5000

Robin Dow-Morales
Director of Claims
661-617-2598
Robin.Dow-Morales@khs-net.com

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: CL Department Head: Robin Dow-Morales

Vendor Name: Cognizant Contact name & e-mail: Conni Young, conni.young@cognizant.com

What services will this vendor provide to KHS? Cognizant will provide KHS with TriZetto QNXT Claims Workflow for five (5) years.

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☒ New agreement ☐ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: QNXT is our existing Claims Adjudication Platform, and QNXT Claims Workflow is an Integrated Software that allows for the tracking, managing, and distribution of the Claims Inventory. Brief Explanation: Cognizant will provide KHS with TriZetto QNXT Claims Workflow for five (5) years.

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

Brief vendor selection justification: _____

☒ Sole source – no competitive process can be performed.

Brief reason for sole source: Integrated with existing Claims Adjudication System.

☐ Conflict of Interest Form is required for this Contract

☐ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget	☐ NO	☒ YES
Will this require additional funds?	☒ NO	☐ YES
Capital project	☐ NO	☒ YES

Project type: _____

Budgeted Cost Center 800 GL# 1700

Form updated 01/05/22

Maximum cost of this agreement not to exceed: $793,758.00 per five years

Notes: ____

Contract Terms and Conditions

Effective date: 6/1/2022 Termination date: 5/31/2027

Explain extension provisions, termination conditions and required notice: ____

Approvals

Compliance DMHC/DHCS Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Contract Owner:

Approved by Robin-Dru morales
Department Head

per contract meeting 3/22/22
Date

Purchasing:

Approved by Alonso Hurtado
Director of Procurement and Facilities

per contract meeting 3/22/22
Date

Reviewed as to Budget:

Chief Financial Officer or Controller

3/30/22
Date

Recommended by the Executive Committee:

Chief Operating Officer

3-30-2022
Date

IT Approval:

Approved by Richard Pruitt
Chief Information Officer or IT Director

per contract meeting 3/22/22
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 01/05/22

KERN HEALTH SYSTEMS

TO: **KHS Board of Directors**

FROM: **Richard Pruitt, Chief Information Officer**

DATE: **April 14, 2022**

RE: **Phone System Licensing**

Background

KHS leverages the Cisco Call Manager software to operate its phone system to include the customer service call center, normal inbound and outbound calling, and the automated robocalls. Cisco is migrating customers to a new subscription-based licensing model and the new licensing model applies to the 2022 maintenance and support renewal.

KHS performed a formal RFQ for the licenses and selected the lowest priced vendor. The following presentation provides an overview of the process.

Overview

SHI will provide KHS with subscription-based licensing for Cisco Call Manager for a term of three (3) years. This licensing is required to operate the KHS phone system. The licensing is used by all KHS staff for their day-to-day job functions.

Financial Impact

This agreement will not exceed $188,716.00 per three years.

Requested Action

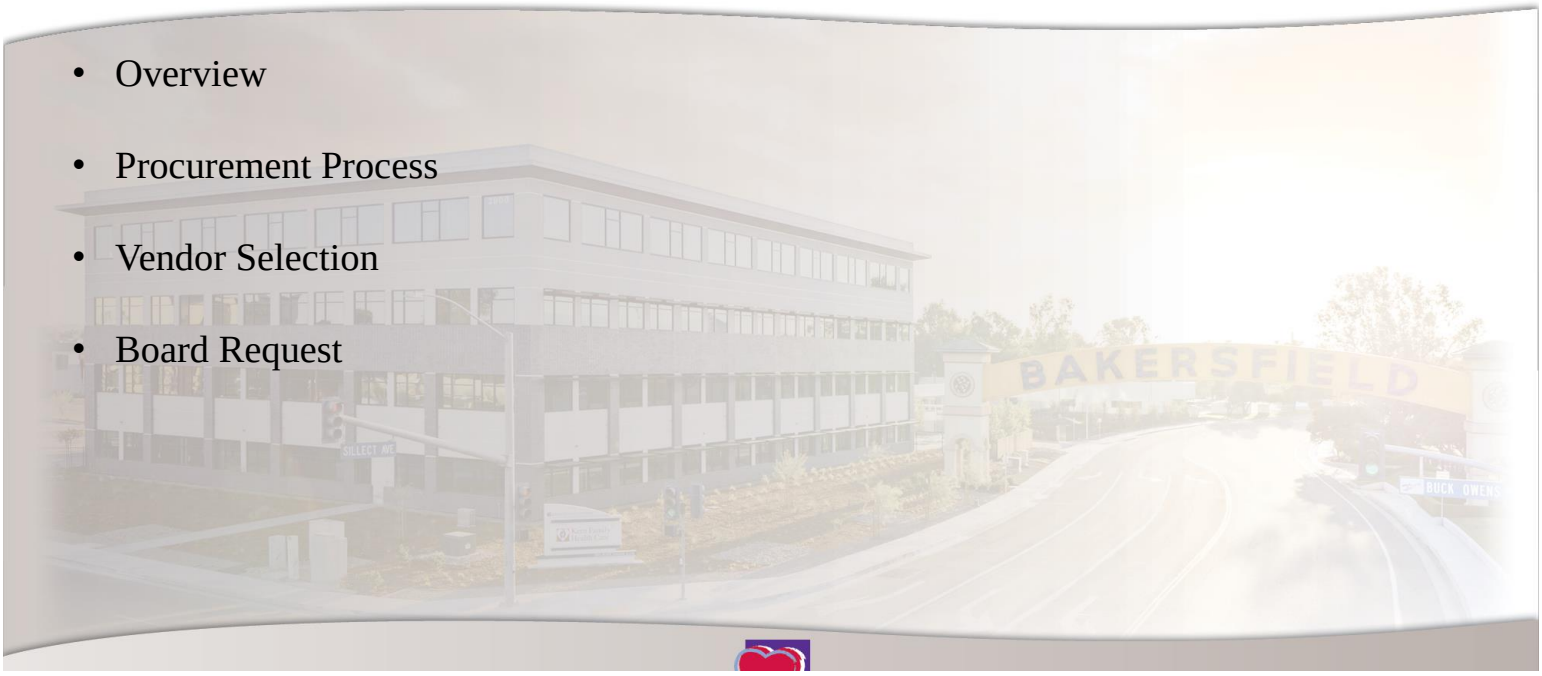
Approve; Authorize Chief Executive Officer to Sign.

Phone System Licensing

KHS Board of Directors
April 14, 2022

Richard M. Pruitt
Chief Information Officer

Agenda



- Overview
- Procurement Process
- Vendor Selection
- Board Request

Overview

KHS leverages the Cisco Call Manager software to operate its phone system to include the customer service call center, normal inbound and outbound calling, and the automated robocalls. Cisco is migrating customers from perpetual licensing to a new subscription-based licensing model and the new licensing model applies to the 2022 maintenance and support renewal. KHS published an RFQ for the licenses and selected SHI (https://www.shi.com/) as the vendor. The following presentation provides an overview of the process.

Cisco Licensing

- Software Functions:
  - Core call processing and routing
  - Enables use of physical phones
  - Enables use of softphones for remote work
  - Enables integration to third party applications (Screen Pops, Robocalls)
  - Call logging and reporting
- New license model:
  - Subscription Based New Model
  - Required for phones system to operate
  - Secures pricing for three (3) years
  - Allows for 20% growth of phones at no charge

Procurement Process

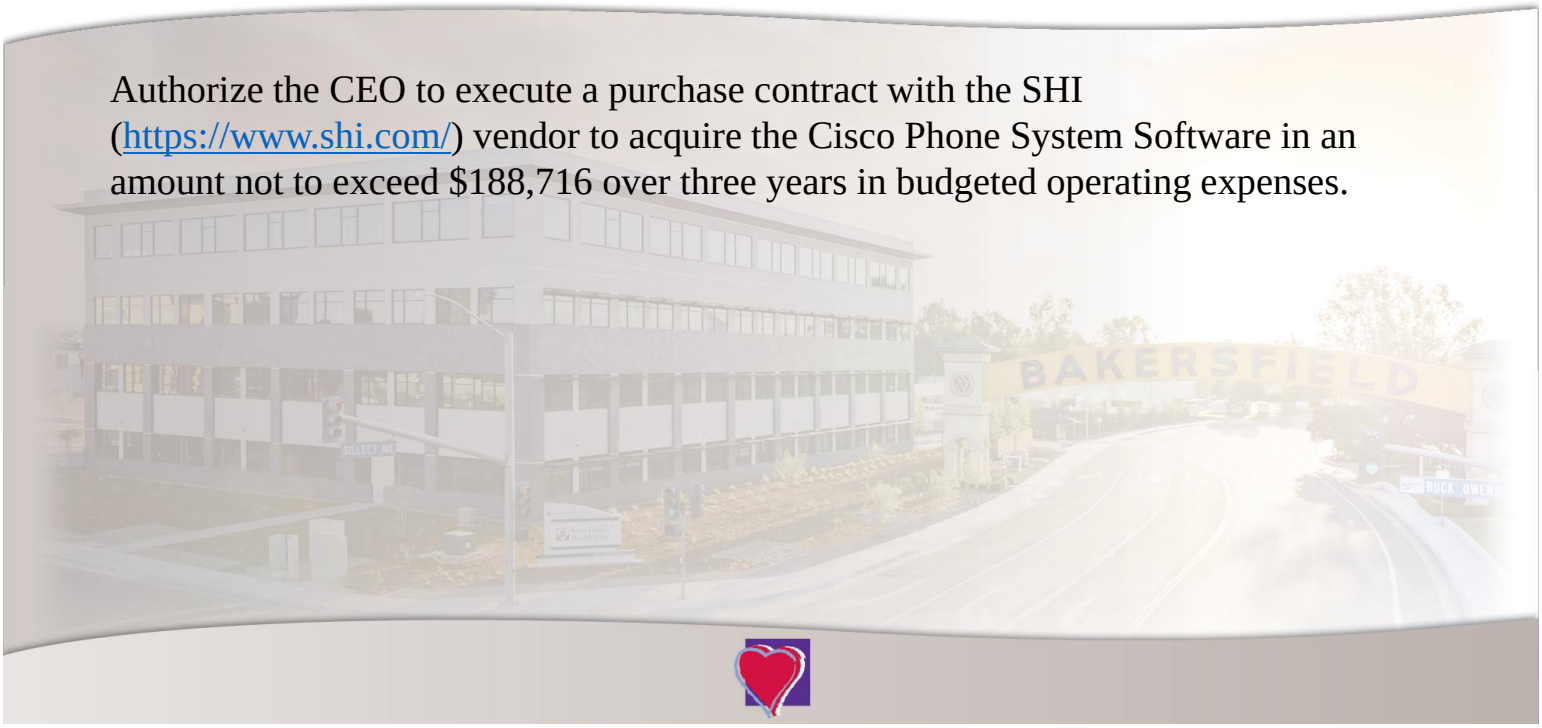
- Reviewed and Defined Licensing Needs
- Created and Published RFQ
- Reviewed and Selected Vendor
- Created Recommendation and Presentation for Board of Directors

Vendor Selection

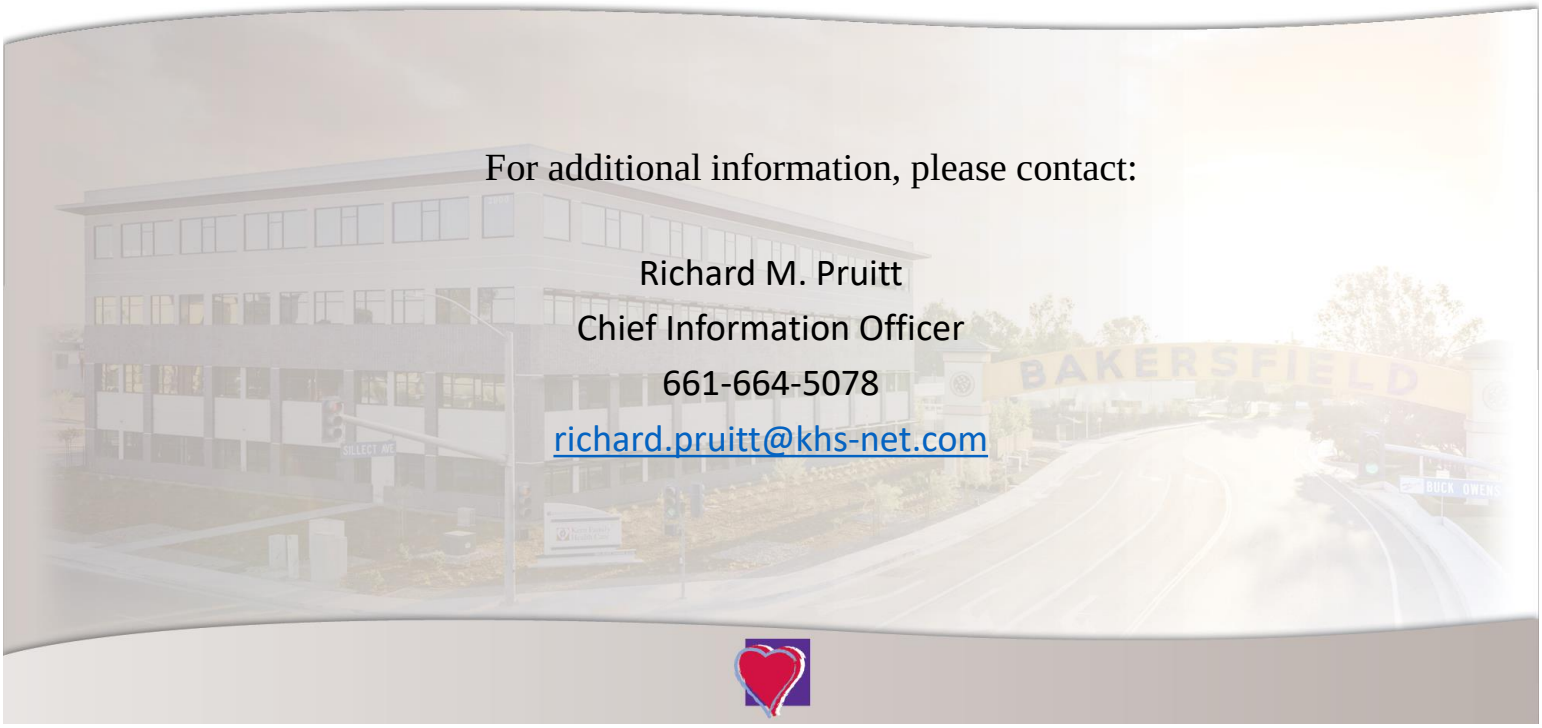
DESCRIPTION		SHI
Current Contract (1 year)	$ 77,915	N/A
New Contract (3 year)		$ 188,716
Savings for (3 year) Contract		$ 45,028

Board Request

Authorize the CEO to execute a purchase contract with the SHI (https://www.shi.com/) vendor to acquire the Cisco Phone System Software in an amount not to exceed $188,716 over three years in budgeted operating expenses.



Questions



For additional information, please contact:

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

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: IT Department Head: Richard M. Pruitt

Vendor Name: SHI Contact name & e-mail: Jace Ainsworth, jace_ainsworth@shi.com

What services will this vendor provide to KHS? SHI will provide KHS with Cisco UCCX Flex licenses with support and maintenance for three (3) years.

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☐ New agreement ☒ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: KHS leverages the Cisco Call Manager software to operate its phone system to include the customer service call center, normal inbound and outbound calling, and the automated robocalls. Cisco is migrating customers to a new subscription-based licensing model and the new licensing model applies to the 2022 maintenance and support renewal. Brief Explanation: SHI will provide KHS with Cisco UCCX Flex licenses with support and maintenance for three (3) years.

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

Brief vendor selection justification: ____

☐ Sole source – no competitive process can be performed.

Brief reason for sole source: ____

☐ Conflict of Interest Form is required for this Contract

☐ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget	☐ NO	☒ YES
Will this require additional funds?	☒ NO	☐ YES
Capital project	☒ NO	☐ YES

Project type: ____

Form updated 01/05/22

Budgeted Cost Center 225 GL# 5407

Maximum cost of this agreement not to exceed: $188,716.00 per three years

Notes: ___

Contract Terms and Conditions

Effective date: 4/22/2022 Termination date: 4/21/2025

Explain extension provisions, termination conditions and required notice: _____

Approvals

Compliance DMHC/DHCS Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Contract Owner:

Approved by Victoria Hurtado
Department Head

per Contract meeting 3/22/22
Date

Purchasing:

Approved by Alonso Hurtado
Director of Procurement and Facilities

per Contract meeting 3/22/22
Date

Reviewed as to Budget:

Chief Financial Officer or Controller

3/30/22
Date

Recommended by the Executive Committee:

Chief Operating Officer

3-30-2022
Date

IT Approval:

Approved by Richard Pruitt
Chief Information Officer or IT Director

per Contract meeting 3/22/22
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 01/05/22

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Emily Duran, Chief Network Administration Officer

Date: April 14, 2022

Re: Community Supports Referral System

Background

In January 2022, Kern Health Systems ("KHS") began offering Community Supports Services (CSS) to eligible members as required under the new CalAIM initiative. CSS are medically appropriate and cost-effective alternatives to traditional services covered under the state plan. Community Supports can be a substitute for a range of covered Medi-Cal benefits and potentially decrease utilization.

Currently, KHS is providing six (6) pre-approved CSS. These services include: Housing Transition Navigation Services, Housing Deposits, Housing Tenancy and Sustaining Services, Short-Term Post-Hospitalization Housing, Recuperative Care, and Asthma Remediation. In June 2022, KHS plans to add an additional CSS, Community Integration (AKA Tattoo Removal), then in January 2023, another two (2), Medically Tailored Meals and Detox Center(s) will be added. In order to appropriate manage the referral and authorization process, provider follow up, and administrative oversight for these community resources, a new technology platform is required. This need was acknowledged by DHCS as a result provided incentive opportunities to offset the cost of a community resources system.

Discussion

KHS published a Request for Proposal ("RFP") for a Community Supports Referral System. The review committee used the standard KHS scoring template and metrics. The tally of final scores showed FindHelp ranked first in both system/technology and price. The final committee consensus was to recommend FindHelp as the vendor to provide the Community Supports Referral System.

KHS requests to sign a three-year agreement with FindHelp for the licensing fees for its platform which will provide a tool to be used by CBOs, providers, and internal staff to make referrals, submit/track claims, track and monitor status, and reporting of outcomes, etc.

Financial Impact

FindHelp's cost for their platform is as follows:

Year 1: $95,004

Year 2: $80,004

Year 3: $80,004

KHS requests a three (3) year contract with FindHelp in the amount not to exceed $255,012.

The cost for this system was incorporated in the 2022 capital budget previously approved by the Board of Directors. Further, KHS has submitted the CSS system procurement as a CalAIM Delivery System Infrastructure project and requested incentive funds that may offset costs.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

Community Supports Services Referral System

KHS Board of Directors
April 14, 2022

Emily Duran, Chief Network Administration Officer
Victoria Hurtado, Senior Director of Technical Operations

Background

- KHS is proposing to implement a Community Supports Services (CSS) Referral System to accommodate the CalAIM Community Supports initiative.
  - Community Supports (CS) allows health plans to provide health-related services as an alternative or substitute for covered Medi-Cal benefits.
  - CS will be integrated with care management for members with high levels of risk and allow plans to address social determinants of health in a way that is cost effective and consistent with a whole person care approach.
- The CSS Referral System will be utilized by 200+ community-based organizations (CBOs), Enhanced Care Management (ECM) providers, physician groups and KHS users.
- This system will be utilized to track, document and create a comprehensive community resources network.
- This purchase is a major component to ensure the success of Kern Health Systems and its partners to meet the regulatory statute which was initiated January 1, 2022.

RFP Timeline

- January 19, 2022 RFP release
- January 28, 2022 Bidder questions due
- February 4, 2022 KHS will responses to all questions
- February 25, 2022 Proposals due
- March 7 – 11, 2022 Interviews/Demos with vendors

****

- March 25, 2022 Internal Contracts Meeting
- April 8, 2022 Present to Finance Committee
- April 14, 2022 Present to KHS Board of Directors
- April 15, 2022 Award Announcement

KHS Review Committee

KHS internal review team consisted of 1-3 representatives from each stakeholders/departments:

- Corporate Services
- Claims
- Community Supports Services
- Information Technology
- Provider Network Management

RFP/Demo Scoring Weights and Definitions

Metric	Weight	Definition
Company	10%	Onboarding, Training, Network Capacity
Price	25%	RFP Submission - Year 1 plus 3 Year, Licensing/User Costs, Infuse Internal KHS Cost to Build Integration, KHS Operations Costs, Etc.
System	20%	Cloud, Relational Database, Isolated Database, Security
Market	10%	Used by other CA local Managed care Plans
Core Functions	5%	Claim Generation, Referral Generation, Referral Response, Assessments, Geo Mapping, Autofill of Data, Stratification
Integration	10%	Jiva Integration, API/WebServices, SSO
Reporting	5%	Real Time, Batch, Built-in Reports, Self Service Reports, HL7, FHIR
Documentation	5%	Product documentation, technical documentation and training program
Encounters	5%	Claims Generation (to be verified on RFP submissions)
Technology	5%	Alignment to KHS Technology ie. Windows Server, Edge Browser, SQL DB, Self Service Reporting Tool
TOTAL	**100%**	

Vendor Scoring Matrix

Vendor	Company	Price	System	Market	Core Functions	Integration	Reporting	Documentation	Encounters	Technology	TOTAL
FindHelp	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**	**5.00**
Vendor 1	4.00	4.00	4.40	1.00	4.40	4.20	4.40	4.20	3.00	3.40	3.77
Vendor 2	4.20	3.00	4.10	3.00	4.20	3.40	4.20	3.80	3.40	4.00	3.61
Vendor 3	4.00	2.00	3.80	1.00	3.80	3.20	3.80	3.60	3.20	4.00	3.00
Vendor 4	3.80	1.00	3.00	1.00	3.80	3.00	3.40	3.20	3.20	3.20	2.47
Vendor 5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Requested Action

Authorize the CEO to execute a three-year agreement with FindHelp for the procurement of the Community Supports Services (CSS) Referral System in the amount not to exceed $255,012.

Note: KHS has incorporated the CSS system procurement as a CalAIM Delivery System Infrastructure project and requested incentive funds that may offset costs.

Questions

Please contact:

Emily Duran

Chief Network Administration Officer

661-664-5000

Emily.duran@khs-net.com

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: PNM

Department Head: Emily Duran

Vendor Name: FindHelp

Contact name & e-mail: Chris Bryan, cbryan@findhelp.com

What services will this vendor provide to KHS? Community Supports Service Referral System

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☒ New agreement ☐ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: KHS established this project to acquire an integrated referral software system to support the Community Based Organizations (CBOs) for the new Medi-Cal Community Based Supports benefits (formerly known as In Lieu of Services, ILOS). This software will provide connectivity between the Health Plan and the CBO for a seamless process to coordinate the new non-clinical services/benefits and ensure that KHS is meeting the regulatory and contractual requirement as outlined by the Department of Health Care Services (DHCS). Brief Explanation: ____

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

Brief vendor selection justification: RFP published in Jan. 2022. 6 vendors submitted bids; 5 provided demos. Review committee consisting of representatives from I.T., Claims, PNM, and CSS used a scoring matrix to decide on recommendation to the Board of Directors to approve contract.

☐ Sole source – no competitive process can be performed.

Brief reason for sole source: ____

☐ Conflict of Interest Form is required for this Contract

☐ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget	☐ NO	☒ YES
Will this require additional funds?	☒ NO	☐ YES
Capital project	☐ NO	☒ YES

Project type: Capital Project 1

Form updated 11/21/19

Budgeted Cost Center 800 GL# 1700

Maximum cost of this agreement not to exceed: $255,012.00 Per three years

Notes:

Contract Terms and Conditions

Effective date: 05/01/2022 Termination date: 05/01/2025

Explain extension provisions, termination conditions and required notice: ____

Approvals

Compliance DMHC/DHCS Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Contract Owner:

Approved by Emily Duran
Department Head

per Contract meeting 3/22/22
Date

Purchasing:

Approved by Alonso Hurtado
Director of Procurement and Facilities

per Contract meeting 3/22/22
Date

Reviewed as to Budget:

Robt Landis
Chief Financial Officer or Controller

3/30/22
Date

Recommended by the Executive Committee:

Chief Operating Officer

3-30-2022
Date

IT Approval:

Approved by Richard Pruitt
Chief Information Officer or IT Director

per meeting 3/22/22
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

KERN HEALTH SYSTEMS

To: KHS Board of Directors

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

Date: April 14, 2022

Re: Renewal of SS&C Agreement

Background

KHS has contracted with SS&C for many years for pharmacy billed services. Although many services have been carved out to MCRx, the MCPs are still responsible for some services. The contract with SS&C is triennial, terming this May. It is still a good business decision to renew the contract with SS&C for the remaining claims processing for the services KHS is responsible to administer.

Overview

During the past years, SS&C has partnered with KHS to provide exceptional member and provider experiences to obtain pharmacy billed services. DHCS has stated that some of the medical supplies are carved out and will be handled by MCRx. However, a number of common pharmacy billed supplies will remain with the health plans. Supplies such as nebulizers (and accessories), blood pressure machines, braces (wrist, back, knee, ankle), ostomy products, incontinence products, thermometers, pill cutters, crutches, and others are examples of these services remaining with the plan. Pharmacies have historically billed and continue to bill these at their locations. Besides the convenience of billing these medical supplies through the pharmacy on a pharmacy claim, continuing with the current arrangement eliminates the need for education, training, contracting, and reconfiguring both internally and externally. It is also more cost effective to continue the current process. The monthly administration costs are still less than the than overall costs to the plan, if we were not to continue with our relationship with SS&C. Besides maintaining the current mode of operations, savings are expected to exceed $66,000 easily. KHS has been very satisfied with the services provided by SS&C.

Financial Impact

This agreement will not exceed $300,000 per 12 months.

Requested Action

Approve; Authorize Chief Executive Officer to Sign.

SS&C Renewal

KHS Board of Directors
April 14, 2022

Bruce Wearda, BS Pharm, R.Ph.
Director of Pharmacy

Background

- KHS has long established congenial and efficient history with SS&C for pharmacy billed services, drug and non-drug (medical supply/device) services.
- Current contract expiring May 30, 2022.
- Pharmacy services are carved out to MCRx, however there are medical supplies that can continue to be provided by SS&C at preferred pricing.
- The SS&C services are fully integrated with KHS workflow.
- Retaining current SS&C arrangement requires no new configuration, provider contract changes, system or operational changes (internally or externally.)
- KHS has been very satisfied with the SS&C services and overall vendor performance.

Pharmacy Billed Medical Supplies

KHS Support of continuing current arrangement

- Locale Providers: PCP & Specialty Provider, and Pharmacies would continue business as usual.
- Member : Continue receiving pharmacy based medical supplies as usual and in an efficient manner.
- Cost/Utilization: $25,000/month. Increase in admin fee offset by otherwise increase in overall cost of supplies.

2022 Activity: First 2 months – Examples of just a couple categories that offset the increase in admin cost

	PBM rate	Claims rate	Difference	Qty	Potential Savings Comparison
Nebulizer	$45	$155	$110	501	$55,100
BP machine	$38	$60	$22	184	$4,100
					$59,200/2 = $29,600

$29,600 + is greater than the $25,000, (approx. >$4,600/mo savings) not factoring in member disruption, provider and staff training, and configuration changes*

* KHS will not have to:

- change internal operations
- train staff
- train providers (both pharmacies and prescribers)
- reconfigure systems
- recontract
- educate members

Financial Justification

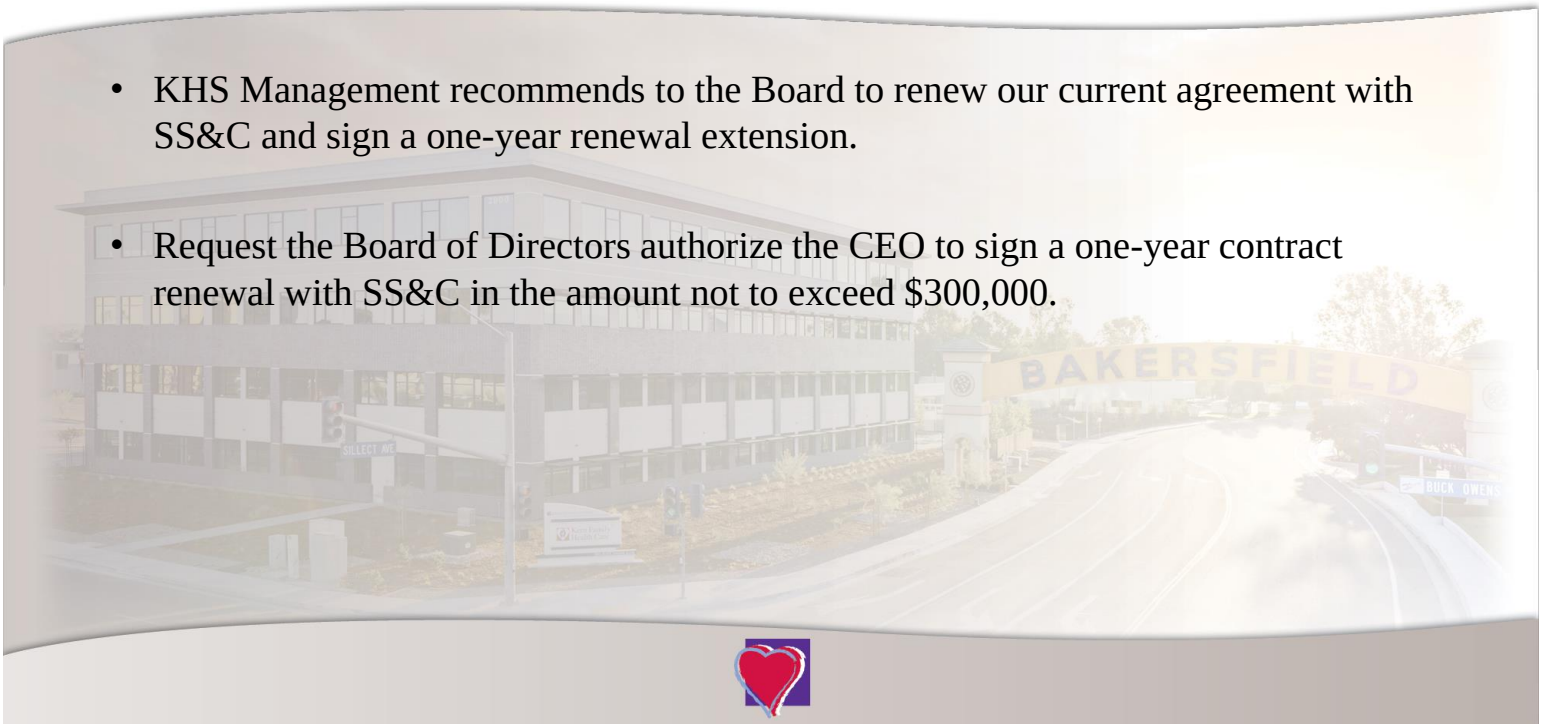
Approximate total cost (administration and product) is shown below. Approximate total spend by using SS&C is less than if KHS was to process itself. Using SS&C would save at least $66,000.

		SS&C	KHS	Savings/Diff
Nebulizer Price		$ 45	$ 155	$ 110
250 Nebulizers	Monthly	$ 11,250.00	$ 38,750.00	$ 27,500.00
	Annual	$ 135,000.00	$ 465,000.00	$ 330,000.00
		SS&C	KHS	
BP Machine Price		$ 38	$ 60	$ 22
92 Blood pressure monitors	Monthly	$ 3,496.00	$ 5,520.00	$ 2,024.00
	Annual	$ 41,952.00	$ 66,240.00	$ 24,288.00
		SS&C	KHS	
Admin	Monthly	$ 25,000.00	$ 991.80	$ (24,008.20)
	Annual	$ 300,000.00	$ 11,901.60	$ (288,098.40)
Total Cost		SS&C	KHS	
		$ **476,952.00**	$ **543,141.60**	$ **66,189.60**

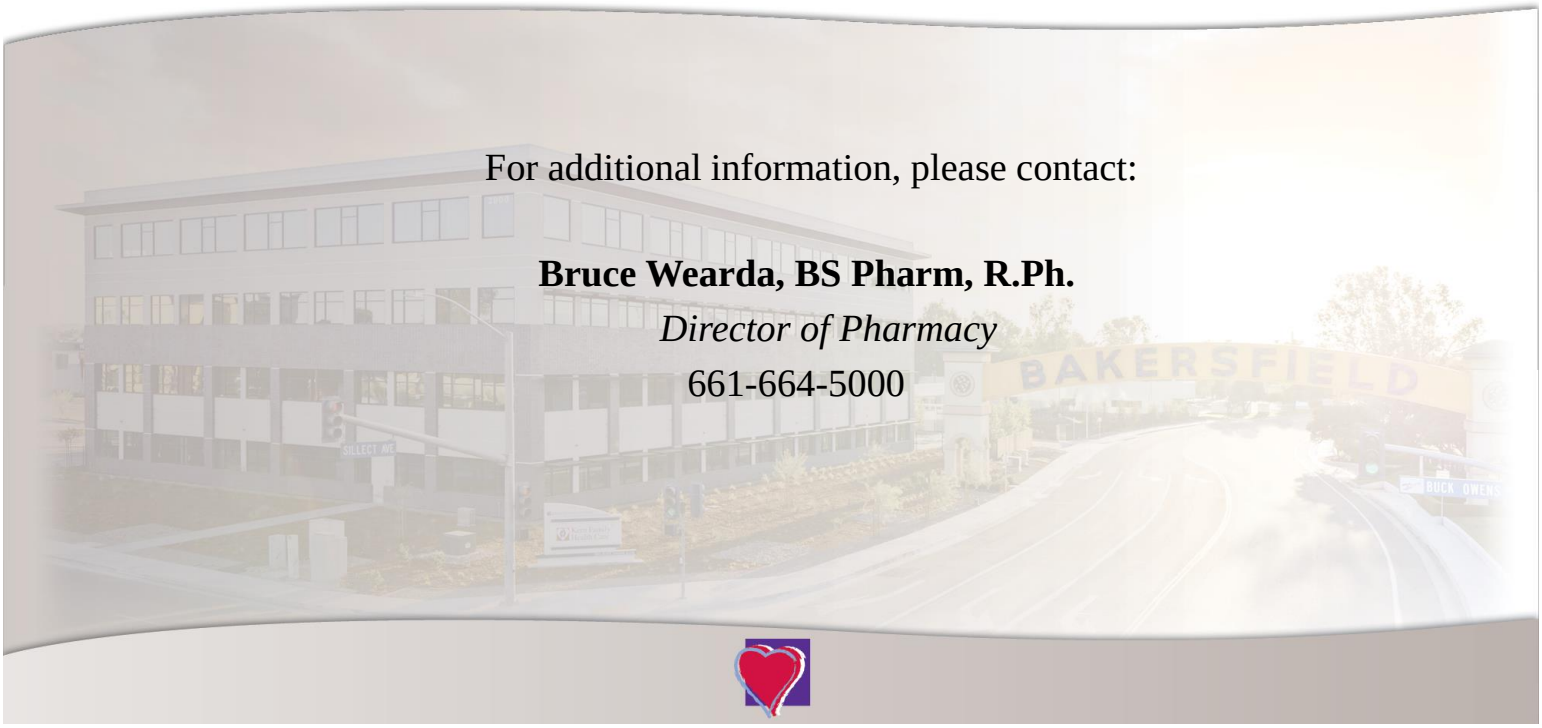
Recommendation

- KHS Management recommends to the Board to renew our current agreement with SS&C and sign a one-year renewal extension.

- Request the Board of Directors authorize the CEO to sign a one-year contract renewal with SS&C in the amount not to exceed $300,000.



Questions



For additional information, please contact:

Bruce Wearda, BS Pharm, R.Ph.
Director of Pharmacy
661-664-5000

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: Pharmacy Department Head: Bruce Wearda

Vendor Name: SS&C/DST Contact name & e-mail: Andrew Kellogg

What services will this vendor provide to KHS? Rx claims processing for outpatient/retail prescriptions in accordance with KHS membership.

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☐ New agreement ☒ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: KHS has contracted with SS&C for many years for pharmacy billed services. Although many services have been carved out to MCRx, the MCPs are still responsible for some services such as nebulizers (and accessories), blood pressure machines, braces (wrist, back, knee, ankle), ostomy products, incontinence products, thermometers, pill cutters, crutches, and others are examples of these services remaining with the plan. The contract with SS&C is triennial, terming this May. KHS would like to renew the contract with SS&C for the remaining claims processing for the services KHS is responsible to administer. Brief Explanation: KHS has contracted with SS&C for many years for pharmacy billed services. The contract with SS&C is triennial, terming this May. KHS would like to renew the contract with SS&C for the remaining claims processing for the services KHS is responsible to administer.
☒ Summary of Quotes and/or Bids attached. *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.)* Brief vendor selection justification: An RFP was completed in September 2018. Vendor was selected due to the lowest bidder and knowledge of KHS needs.	
☐ Sole source – no competitive process can be performed. Brief reason for sole source: ____	
☐ Conflict of Interest Form is required for this Contract	

Form updated 11/21/19

☐ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget ☐ NO ☒ YES

Will this require additional funds? ☒ NO ☐ YES

Capital project ☒ NO ☐ YES

Project type: _____

Budgeted Cost Center 313 GL# 5640

Maximum cost of this agreement not to exceed: $300,000.00 per one year

Notes: _____

Contract Terms and Conditions

Effective date: 6/01/2022 Termination date: 5/31/2023

Explain extension provisions, termination conditions and required notice: _____

Approvals

Compliance DMHC/DHCS Review:

Director of Compliance and Regulatory Affairs

Date

Legal Review:

Legal Counsel

Date

Contract Owner:

Approved by Bruce Wearda

Department Head

per contract meeting 3/25/22

Date

Purchasing:

Approved by Alonso Hurtado

Director of Procurement and Facilities

per contract meeting 3/25/22

Date

Reviewed as to Budget:

Chief Financial Officer or Controller

3/30/22

Date

Recommended by the Executive Committee:

Chief Operating Officer

3-30-2022

Date

IT Approval:

Approved by Richard Pruitt

Chief Information Officer or IT Director

per contract meeting 3/25/22

Date

Chief Executive Officer Approval:

Chief Executive Officer

Date

Form updated 11/21/19

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: Douglas Hayward, CEO

Date: April 14, 2022

Re: Update on 2022 Corporate Goals

Background

In lieu of a Strategic Plan, KHS is using the 2022 Corporate Goals as the topline direction for the organization. With Q1 coming to an end, Management is providing an update on the status of these goals. Items with new updates to report are noted in blue font.

Overall, KHS is on track with items that were due to complete in the first quarter. Notably, since the creation of these Corporate Goals DHCS announced an extension of the telehealth flexibilities that were in place during the Public Health Emergency. DHCS will be working in 2022 to finalize their long-term vision for telehealth. These changes are reflected in the update provided for Goal 8 in the attachment.

Requested Action

Receive and file.

KERN HEALTH SYSTEMS

Corporate Performance Goals for 2022

Background

The Corporate Performance Goals for 2022 are heavily influenced by the California Advancing and Innovating Medi-Cal or CalAIM, CalAIM is a series of initiatives proposed by the Department of Health Care Services (DHCS) to advance broad-based delivery system, program, and payment reform across the Medi-Cal program. Furthermore, CalAIM will address social determinants of health, streamline the statewide Medi-Cal delivery system, improve quality, and drive innovation.

Specifically, CalAIM has three primary goals:

- Identify and manage member risk and need through whole person care approaches and addressing Social Determinants of Health
- Move Medi-Cal to a more consistent and seamless system by reducing complexity and increasing flexibility; and
- Improve quality outcomes, reduce health disparities, and drive delivery system transformation and innovation through value-based initiatives, modernization of systems, and payment reform.

Originally scheduled to begin in January 2021, the proposal was delayed due to the impact of COVID-19. CalAIM was re-announced in January 2021 with DHCS' release of updated policy materials and with the inclusion of CalAIM funding in the draft 2022 State budget.

Major CalAIM initiatives scheduled for implementation in 2022 include:

- Enhanced Care Management (ECM)
- Community Support Services (CSS)

At its conclusion, CalAIM will transform Medi-Cal Managed Care health plans to provide a broader range of benefits through an integrated delivery system comprised of traditional medical

services, behavior health services (including specialty mental health) substance use disorder services (detox and therapeutic) and dental care.

In general, Safety Net Providers (Kern Medical, Omni Family Health and Clinica Sierra Vista) will play an important role in accomplishing our goals and will be encouraged, where appropriate, to participate in its achievement or considered in its outcome. Where a goal is specific to one Safety Net Provider, the provider is identified as to whom the goal applies. For example, the 2022 CalAIM initiative goal identifies Kern Medical specifically and its role with Whole Person Care.

KHS keeps this in mind when establishing annual Corporate Goals always considering their impact on the Safety Net Providers. With Safety Net Providers representing an integral network component, no goal will be achieved without their consideration nor accomplished without their involvement.

Successful implementation of initial phases of ECM and CSS is the 1st Goal of our 2022 list of Corporate Goals. Among other things, this includes realigning KHS's Health Home Program and Kern Medical's Whole Person Care Program under ECM. In addition to ECM and CSS implementation, the 2022 Corporate Goals include the following seven goals:

1. A new **Three-Year Strategic Plan** will be adopted in early 2022 focused mostly around CalAIM initiatives scheduled for launch between January 1, 2023 and December 31, 2025. CalAIM will continue to preoccupy KHSs time and resources for the foreseeable future with its many initiatives scheduled for implementation as far out as 2026.

2. KHS will expand its **Major Organ Transplant** responsibilities with the addition of Heart, Lung, Liver and Pancreas**.** Historically, other than for kidneys, members needing organ transplants would disenroll with KHS and reenroll in the State's Medi-Cal Fee For Service Coverage Plan. To avoid fragmenting members care and shifting between two Medi-Cal enrollment programs, beginning 1/1/2022, members may remain in their current health plan where patients will be followed from pre-transplant to recovery.

3. The **Chief Executive Officer** will be retiring in 2022. Recruitment of his replacement will commence in 2021. It is anticipated it will take several months to locate and hire a suitable candidate including allowing for time to transition from current employment to the KHS leadership role.

4. **Pharmacy Benefits Management (PBM)** currently administered through health plans will be carved out and centrally administered through a statewide PBM. Originally

5. scheduled to launch in 2021, it appears it will be delayed a year and likely to be implemented in early 2022.

6. **Medi-Cal Eligibility Expansion** will occur over 2022, adding six new Managed Care Medi-Cal eligibility population categories to Managed Care Plans like KHS.

7. An **Incentive Program** to promote health plan and provider participation in ECM and CSS will be created. The Governor's budget allocated $300 million for plan incentives from January to June 2022, $600 million from July 2022 to June 2023, and $600 million from July 2023 to June 2024.

8. **Telehealth Services** has shown to be an effective method for maintaining the physician / patient relationship during the pandemic. DHCS modified its benefits to include telehealth as an alternative to office visits during the stay at home order. DHCS will make telehealth (audio services) a permanent benefit effective 2022.

Goal 1 – CalAIM 2022 Initiatives (Implementation and Monitoring)

Effective 1/1/2022 health plans are expected to launch two major CalAIM initiatives:

- **Enhanced Care Management** is comprehensive approach to address the clinical and non-clinical needs of high-need, high-cost members through coordination of services and comprehensive care management. Kern Health Systems Health Home Program and Kern Medical's Whole Person Care Program will be incorporated under Enhanced Care Management. Over the years, more Medi-Cal members will qualify for Enhanced Care Management through expansion among existing qualified enrollees or adding of new member eligibility categories. Kern Medical is expected to continue delivering services under its Whole Person Care Program following its inclusion under Enhanced Care Management.

- **Community Support Services** are services provided as a substitute for, or used to avoid, other more costly covered services, such as a hospital or skilled nursing facility admission or a discharge delay. Such service may or may not be medically related but by their proper use should reduce medical cost.

Since development will occur in second half of 2021, in 2022, KHS will turn its focus to post operations to ensure:

- all program elements are in place and functioning accordingly
- program refinement occurs to improve chances for a successful outcome
- performance tracking and monitoring is in place to measure success and report outcomes for each initiative.

Deliverables:

- ***By 1st Quarter, 2022, establish methodology for monitoring program performance including identifying staff responsibilities for tracking and reporting on each program's performance against predetermine targets and DHCS performance measures.*** *ECM and CSS internal staff are working with the Business Intelligence department to outline monitoring and performance measures. The ECM invoice report is being validated, which will identify claims submitted by the ECM Providers. The BI team is preparing the Census report that will identify the paid g-code that is used for compensation. CSS team is working with BI to create a weekly report to review referred members.*

  Ongoing operational assistance is being provided to existing ECM sites. Additional work is underway to launch additional ECM sites with Omni Health and Premier. CSS implementation and expansion is also ongoing with several Community Based Organizations in the pipeline.

- ***By 2nd Quarter, 2022, establish a data collection and reporting framework to track and monitor each initiative's performance to determine if it's meeting its intended purpose:***

  - ***Data will be developed for all critical components of each initiative.***
  - ***Analytics will track each critical component's performance***
  - ***Reports will be generated timely to measure outcomes***

- ***By 2nd Quarter, 2022, design and format reports and schedules in accordance with DHCS reporting requirements and submission timelines.***

KERN HEALTH SYSTEMS

Goal 2 – Kern Health Systems 2023 to 2025 Three Year Strategic Plan

January 2022 will begin implementation of the initial phase of CalAIM. Over the next few years, several key priorities of the State, using Medi-Cal as its tool, will change how health care will impact California's most vulnerable population. Programs aimed at homelessness, behavioral health care access, children with complex medical conditions, justice involved populations and the growing aging population will be created to improve their health status and quality of life.

Critical to this change is its impact on network providers. An effort will be made to see to it Safety Net Providers maintain their key role in the delivery of patient care to their currently assigned members. Additionally, KHS will look to work collaboratively with Safety Net Providers on new care models or programs arising from CalAIM occurring between 2023 and 2025.

Under Medi-Cal, the State will create several initiatives to achieve this objective though enhanced services and benefits including:

- Development of a statewide population health management strategy and require health plans to submit local population health management plans.
- Implement a new statewide enhanced care management benefit.
- Implement Community Support services (e.g., housing navigation/supporting services, recuperative care, respite, sobering center, etc.).
- Implement incentive payments to drive plans and providers to invest in the necessary infrastructure, build appropriate enhanced care management and Community Support services capacity statewide.
- Pursue participation in the Serious Mental Illness (SMI) /Serious Emotional Disturbance (SED) demonstration opportunity.
- Require screening and enrollment for Medi-Cal prior to release from county jail.
- Pilot full integration of physical health, behavioral health, and oral health under one contracted entity in a county or region.
- Develop a long-term plan for improving health outcomes and delivery of health care for foster care children and youth

The new three-year strategic plan will be developed to guide management with planning, development and implementation of initiatives schedule for launch between 2023 to 2025. These initiatives include:

2023

- Enhanced Care Management (Phase 2 eligibility)
- CSS Services (Phase 2 services)
- Population Heath Management (patient centered health strategy)
- Long Term Care added to Medi-Cal Health Plans
- Advanced enrollment of soon-to-be-released (STBR) incarcerated in Medi-Cal
- Dual Eligible (Medicare and Medi-Cal eligible) Planning

2024/2025

- DSNP application submission with CMS to enroll Medicare eligible members with dual coverage. (25,000 Kern County eligible beneficiaries with Dual Eligibility)
- Begin NCQA preparation process (18 months before certification)

2026

- D-SNP Medicare health plan initial enrollment begins 01/01/2026
- Continue full integration implementation readiness and planning activities for the remaining outstanding CalAIM initiatives

Besides the number of new initiatives health plans are expected to launch, CalAIM will change how health plans are paid and incorporate new risk and incentive programs.

Prominent among these changes is the State's intent to shift from County based health plan reimbursement rates to regional based reimbursement rates. The proposal to move to regional rates has two main benefits. The first benefit is a decrease in the number of distinct actuarial rating cells that are required to be submitted to CMS for review and approval. The reduction in rating cells will simplify the presentation of rates to CMS and allow DHCS to pursue/implement financing advancements and innovations utilizing a more flexible rate model. The second benefit of regional rates is cost averaging across all plans. This will continue to incentivize plan cost efficiencies, as plan rates will be inclusive of the costs within the multi-county region. This shift will produce a larger base for the averaging beyond the experience of plans operating within a single county. This

change is fundamental to the ability of DHCS to implement and sustain the other changes proposed in CalAIM

Although CalAIM will dominate KHS's attention over the next three years and appear prominent in the three-year strategic plan, other significant goals the Board would like to see accomplished may be added to the list of CalAIM initiatives for inclusion in the three -year strategic plan.

The strategic planning process begins with engaging an outside consultant to outline the steps Board and Management will take leading to a one-day session moderated by the consultant.

For continuity's sake and CalAIM knowledge, Pacific Health Consulting Group (who assisted with developing the previous three strategic plans) will serve as our moderator.

The overarching themes of this one-day session should revolve around the changing healthcare environment (particularly CalAIM) and its impact to Kern Health Systems. From this evaluation, the Board will develop Goals and Strategies to position KHS for future success.

Deliverables:

- ***Q3 2022, KHS Board to receive overview of the process to be undertaken culminating with a new three-year Strategic Plan***
- ***Q3 2022, Board members will receive background information and questionnaire in preparation for upcoming Board of Directors strategic planning retreat.***
- ***Q3 2022, Board to participate in a one-day strategic planning retreat to be held onsite at Kern Health Systems***
- ***Q4 2022, from information and feedback obtained during the retreat, a draft version of the 2023 -2025 Three Year Strategic Plan will be sent to Board members for comment.***
- ***Q4 2022, Board to adopt the 2023 -2025 Three Year Strategic Plan***

KERN HEALTH SYSTEMS

Goal 3 - Major Organ Transplants

DHCS proposes to standardize managed care plan benefits, so that all Medi-Cal managed care plans provide the same benefit package by 2023. Some of the most significant changes are to carve-in institutional long-term care and major organ transplants into managed care statewide. Beginning in 2022, all major organ transplants, currently not within the scope of many Medi-Cal managed care plans, will be carved into all plans statewide for all Medi-Cal members enrolled with a health plan.

Historically, KHS was only responsible for administering transplant benefits for patients who needed a Kidney transplant. Since 2018, on average, 20 KHS members would undergo Kidney transplants annually. Besides being financially responsible for Kidney transplant, KHS will become responsible for heart, liver, lung and pancreas transplants as well.

In preparation for this occurrence, KHS will need to establish a transplant care coordination team to follow these patients after qualifying for an organ transplant. Patients will be assigned to the organ transplant program where they will be followed through their pre-transplant care, transplant surgery and post discharge therapy and rehabilitation. Preliminary estimates are KHS could have upward of 100 patients at any given time participating in the transplant program.

Deliverables

- ***Identify qualified major organ transplant centers with whom KHS will contract for transplant services by 3rd Quarter, 2021.*** *Centers of Excellence (COE) have been identified, including currently in-network facilitates. Letters of agreement will be used until final contracting in place.*

- ***Determine compensation arrangements and payment methodology with selected transplant centers 3rd Quarter, 2021.*** *Provider Network Management worked with finance to determine compensation arrangement and payment methodology. DHCS has outlined the required payment amounts for the new transplant services.*

- ***Negotiate an agreement for provision of transplant services with selected transplant centers by 4th Quarter, 2021.*** *Contracting Department has sent amendments to Keck and UCLA. Staff continues to negotiate contracts with Loma Linda, UC Irvine, UCSF, and California Pacific Medical Center. Currently UC Irvine and Loma Linda are willing to execute LOA's.*

- ***Determine internal staffing requirements for the KHS Transplant Program based on the #, type and time involved with coordinating and overseeing services provided to***

qualified patients participating in the KHS Transplant Program by 3rd Quarter, 2021. *Major Organ Transplant team hired in January 2022 within the Population Health Management department. The team will manage and coordinate care across the entire transplant process. Additionally, authorization review is performed by dedicated UM staff based on eligibility criteria.*

- ***Determine the impact to KHS, its policy, procedures, protocols, tracking and reporting by 4th Quarter, 2021.*** *Internal processes and policies developed as part of the new transplant team.*

- ***Launch Major Organ Transplant Program by 1st Quarter, 2022.*** *Program launched 1/1/2022. Open items include meals/hotel accommodations for members. Ongoing coordination between Accounting, Corporate services, Member services, and PHM.*

- ***Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations (ongoing over 2022).*** *First DHCS reporting template due 4/11/2022.*

Goal 4 - Selection of New Chief Executive Officer

The transition of key employees, particularly the Chief Executive Officer (CEO) is one of the most formidable challenges an organization will face. In the CEO's case, the shift engenders a variety of adjustments including changes in style and sometimes substance. Each CEO makes his/her mark bringing about major directional, policy and priority revisions. As a rule, the longer and more successful the CEO, the more difficult the shift. This can be somewhat mitigated with a well thought out and effectively executed Succession Plan. Serving one of every three citizens, Kern Health Systems has experienced unprecedented growth over our current CEO's service tenure of 10 years to become Kern County's largest health plan. With success comes responsibility to assure there is a plan for leadership continuity. To achieve this Kern Health Systems will create a Search Committee charged with the responsibility to identify qualified candidates to replace the current retiring CEO. The following tasks and timeline were stipulated in the current CEO's employment agreement and adopted by the Board of Directors to aid in locating a suitable replacement in a timely manner.

1. 12 months before the CEO's retirement date, the Board shall receive notification of the CEO's retirement date from the CEO.

2. Upon receiving notice, the Board shall appoint 5 Board members to serve as a Search Committee who will be responsible for searching for and recommending the finalist(s) for the CEO position to the Board.

3. Within 45 days following its appointment, the Search Committee shall engage a professional executive search firm to assist with recruitment. The Director of Employee Relations shall serve as KHS staff to the Committee to assist with locating and providing background information to qualified search firms experienced with recruiting qualified candidates for the CEO position. An appropriate competitive process shall take place to select the search firm to find qualified candidates for the position.

4. Within 90 days following engagement, the search firm will present its slate of qualified, screened candidates to the Committee for interview consideration.

5. Within 30 days, all selected candidates must be interviewed by the Search Committee.

6. Within 30 days of the conclusion of interviews and evaluation of the candidates, the finalist shall be presented to the Board for recommendation for hire and the candidate will receive an employment offer.

7. If the finalist declines the offer of employment or is otherwise unavailable, the candidate ranked next in order by the search firm shall be recommended for hire.

8. Within 30 days, KHS will receive a signed employment agreement leaving up to 4.5 months for the newly hired CEO to give sufficient notice (if currently employed) to his/her current employer.

The CEO agrees, for purposes of continuity, to serve as consultant to KHS for a period no less than 90 days following retirement.

Deliverable

- ***Locate a suitable replace for the CEO, Kern Health Systems.*** *The CEO Search Committee was formed in June 2021. The committee engaged with a professional recruiting agency to*

conduct a search for candidates. This included the creation of the position profile, identification of qualified candidates, and a progressive interview process. The Search Committee was also involved in the interview process and ultimately made a recommendation to the full Board of Directors.

Goal 5 – Medi-Cal Eligibility Expansion for 2022

In 2022, Medi-Cal will shift several new and currently covered population categories to health plans like KHS including:

- Undocumented Adults over 50 (pending approval of legislation)

- Enrollees from Medi-Cal Fee-For-Service eligible population:
  - Accelerated Enrollment (AE)
  - Pregnancy Related (Title XIX)
  - American Indian
  - Beneficiaries in Rural Zip Codes
  - Beneficiaries with Other Healthcare Coverage

It's not known how many eligible members are represented in the over 50 undocumented population in Kern County. Consequently, KHS is unsure how many new eligible members will enroll with Kern Family Health Care from this group. There are approximately 60,000 potential members among the five groups moving from Medi-Cal Fee-For-Service to a Medi-Cal Managed Care Health Plan (MCMCHP).

For Kern County, beneficiaries will choose between Kern Health Systems (Kern Family Health Care) and HealthNet. Typically, when newly eligible members are given a choice 80 -85% select Kern Family Health Care (KFHC). Each newly eligible enrollee will receive an enrollment packet 90 days in advance of their effective date of coverage (January 1st, 2022). Eligible members failing to select a health plan, will be automatically assigned by the State to either HealthNet or KFHC. Those coming to KFHC, are randomly assigned to Kern Medical, Omni Family Health and Clinica Sierra Vista (Safety Net Providers).

It is estimated approximately 20% will fail to select and will automatically be enrolled with one of the two available health plans. When this happens, members may change the States default selection anytime. For those who change, it's been KHS's experience we gain four members for each member lost to HealthNet.

Deliverables:

- ***Provide information and support to community-based organizations enrolling newly eligible members into full scope Medi-Cal by 1st Quarter, 2022.*** *The marketing team built relationships and enhanced partnerships with several community organizations in the Ridgecrest area. Many of these organizations will be further supported through the KHS Community Grant Program. Ridgecrest is a new service area for KHS due to a CalAIM initiative which enrolled members in rural zip codes into Managed Care.*

  The team also collaborated with and supported the efforts of several local enrollment entities and other community organizations in relation to the expansion of full-scope Medi-Cal to undocumented older adults over the age of 50. The transition to full-scope Medi-Cal coverage for this population is slated to take effect in May 2022.

- ***Initiate enrollment of newly eligible Medi-Cal members starting in 2nd Quarter, 2022.***

****Dates may change based on final APL adoption and allowable timeframe for implementation***

Goal 6 – Prescription Drug Benefit Carved Out from Managed Care Plans

The transition to a State operated pharmacy administrator was scheduled to take effect at the beginning of 2021. However, the State delayed implementation. It is believed the delay will be lifted shortly and a new transition date established. The new date will likely occur sometime 1st quarter, 2022. Despite the year delay, KHS fully expects the State to move forward with their original plan.

Therefore, beginning 2022, with few exceptions, the Medi-Cal prescription drug benefit will be administered by the State in partnership with Magellan Medicaid Administration. For managed care health plans like KHS, this will mean a diminished role in the administration and distribution of the pharmacy benefit. However, under certain circumstances and in specific situations, managed

care plans (MCP) will continue to administer the Medi-Cal pharmacy benefit. Transitioning to this new arrangement will again start sometime during the last quarter of this year and continue to a smaller extent in 2022. The transition to the new arrangement with realignments in place is expected to be finished by the end of 1st quarter, 2022.

Though the claims processing/payment and authorization for outpatient drugs will fall to the State, the KHS is expected to continue case management, Drug Utilization Review, Medication Therapy Management, and other related activities. Quality measures that involve administrative pharmacy data will also be activities the plans will be required to meet.

Assuming the State moves to transfer pharmacy administration responsibilities to Magellan 1st quarter, KHS will need to undertake the following changes in preparation for this change and the modified responsibilities remaining with KHS.

Deliverables:

- ***Continue to exchange data and reinstitute integration procedures to current system application (ongoing).*** *Minor modifications have been and continue to be made through the transition. This was needed due to some file templates and protocol specs not aligning or being changed by Magellan.*
- ***Incorporate Operational readiness for Member Services, Provider Network Management, Health Services, Claims Adjudication, and Business Intelligence beginning 1st Quarter, 2022.*** *Materials from DHCS/Magellan continue to be shared with our network providers. Post transition, KHS has been directing questions and concerns to DHCS as they arise. KHS has also been providing clarification to the network as appropriate to assist our members receiving the medically necessary services required.*
- ***Transition Pharmacy Operations for outpatient pharmacy processing only beginning 1st Quarter, 2022.*** *This handoff was successfully accomplished.*
- ***Complete transition for TAR drugs or grandfathering medications by 2nd Quarter, 2022.*** *This is ongoing. KHS is able to perform the required activities as they arise. Some issues on DHCS' side are not allowing this process to completely operate as intended.*
- ***Continue to perform run out activities for outpatient pharmacy through 1st Quarter, 2022.*** *As per the APL guidance, KHS will and is performing these functions through Q2 2022.*
- ***Complete Member and Provider transition for outpatient pharmacy from KHS to Magellan by beginning of 1st Quarter, 2022.*** *This transitioned as designed.*
- ***Transition department to providing ongoing support to members and providers for pharmacy prescription benefits remaining the responsibility of KHS (ongoing).*** *This is ongoing. Transition is taking longer to fully implement as some of the issues from the DHCS end of the transition are slowing the efforts.*

KERN HEALTH SYSTEMS

Goal 7 - CalAIM Incentive Payment Program

CalAIM's Enhanced Care Management (ECM) and Community Support Services (CSS) programs will launch in January 2022, requiring significant new investments in care management capabilities, CSS infrastructure, information technology (IT), data exchange, and workforce capacity for both health plans and providers. Incentives will be available over the next three years to help pay for these investments. DHCS has designed the proposed incentive payment approach with the goal of issuing initial payments to health plans beginning in January 2022 for the achievement of defined milestones such as:

- Build appropriate and sustainable ECM and CSS capacity
- Drive health plan investment in necessary delivery system infrastructure
- Incentivize health plans to progressively engage in development of CSS
- Bridge current silos across physical and behavioral health delivery
- Reduce health disparities and promote health equity
- Achieve improvements in quality performance

DHCS will use the following 8 guidelines for designing their incentive payment program:

1. Develop a clear incentive payment allocation methodology where all plans have an opportunity to participate equitably

2. Set ambitious, yet achievable measure targets

3. Ensure efficient and effective use of all performance incentive dollars

4. Drive significant investments in core priority areas up front

5. Minimize administrative complexity

6. Address variation in existing infrastructure and capacity between Whole Person Care and Health Home Programs

7. Ensure use of incentive dollars does not overlap with other DHCS incentive programs or with services funded through the rates

8. Measure and report on the impact of incentive funds

Incentive payments will be distributed over three payment cycles each year of the incentive program following determining the maximum potential annual incentive dollar amount for each health plan like KHS.

Beginning in 2021, KHS will create its incentive program focused on the following priority areas:

- Create / enhance delivery system infrastructure for health plan's, ECM and CSS provider health information technology and data exchange required for ECM and CSS
- Build ECM capacity with incentives to fund ECM workforce, training, technical assistance, workflow development, operational requirements, and oversight
- Build CSS capacity with incentives to fund CSS workforce, training, technical assistance, workflow development, operational requirements, and oversight

Each priority will have measurable outcomes to show progress toward achieving expectations. Awards will be based on achievement and payment will follow when evidence is provided showing outcomes were met.

Deliverables

- ***Following DHCS's priorities, complete a "Gap / Need Assessment" to determine what is necessary to meet structural and capacity requirements to fulfill ECM and CSS objectives under CalAIM by 4th Quarter, 2021.*** *Staff worked throughout the 4th quarter and into January on the Needs Assessment and Gap Filling Plan. There were several conversations with DHCS to gain additional insight and clarity on this exercise.*
- ***Submit to DHCS the "Gap-Filling Plan" outlining implementation approach to address gaps and needs by 4th Quarter, 2021.*** *DHCS revised the Needs Assessment Template and changed the due dates accordingly. KHS submitted the Needs Assessment and Gap Filling plan on 1/12/22 and have responded to DHCS' initial questions on 1/24/22.*
- ***Implement the "Gap-Filling Plan" outlining implementation approach to address gaps and needs by 1st Quarter, 2022.*** *Due to DHCS's revision of the timelines, KHS is currently awaiting final approval on the proposed approaches.*
- ***Create performance monitoring capability to measure the "Gap-Filling Plan success by as defined as demonstrated performance against measure targets linked to achievement of "Gap-Filling Plan" milestones by 1st Quarter, 2022.***

- ***Create an earned incentive payment mechanism around DHCS reporting requirements to demonstrate when incentives are earned by 2nd Quarter, 2022.***

Goal 8 - Instituting Telehealth as New (Permanent) Medi-Cal Benefit

The Governor's Budget proposes to make permanent and expand certain telehealth flexibilities currently in place due to COVID-19. Telehealth has shown to be an effective method for maintaining the physician / patient relationship during the pandemic. DHCS modified its benefits to include telehealth as an alternative to office visits during the stay at home order. DHCS will make telehealth (audio services) a permanent benefit effective 2022.

Specifically, DHCS proposes:

- Establishing a distinct rate for audio-only telehealth services
- Authorizing audio-only telehealth reimbursement for FQHCs to allow telehealth services to be provided in the patient's home.
    - Currently payment is restricted to clinical onsite services only
    - FQHCs would have their own rate for telephonic care
- Providing for remote patient monitoring as an option for established patients (subject to a separate fee schedule and not including FQHCs)
- Establishing specific utilization management protocols for all telehealth services
- allowing use of telehealth to meet network adequacy standards in health plans (revise the alternate access standards (AAS) submission process accordingly)

With a large portion of Kern County designated as a medically underserved geographical area, KHS is challenged with meeting access standards based on the size of our enrolled population and provider availability. Allowing including Telehealth services to our provider count will favorably impact service access and improve our scores.

The final State Budget passed in July 2021 instructed DHCS to extend the Public Health Emergency (PHE) telehealth flexibilities through 2022. It also required DHCS to form a workgroup to further discuss the ongoing permanent telehealth flexibilities that will be effective beginning 2023. The details of DHCS' proposal will be included in the upcoming State Budget process which concludes in the Summer. In the interim, KHS continues to work with our Provider Network to make use of the existing telehealth flexibilities.

KERN HEALTH SYSTEMS

Deliverables

- ***Determine the impact to the participating provider network by 4th Quarter, 2021.***
- ***Determine the impact to KHS, its policy, procedures, protocols, tracking and reporting by 4th Quarter, 2021***
- ***Inform participating providers telehealth will become a permanent benefit effective 2022 under Medi-Cal by 4th Quarter, 2021***
- ***Convey logistical information about the benefit and procedures providers will need to follow when using telehealth services and receiving payment for telehealth services by 1st Quarter, 2022***
- ***Inform members that telehealth will be added to their Medi-Cal benefits explaining what it is, why it is beneficial and how this service will be provided and used for the member's benefit by 1st Quarter, 2022***
- ***Post implementation, audit each activity to ensure installation and performance meets KHS and government agencies expectations (ongoing over 2022)***

Dates may change based on final APL adoption and allowable timeframe for implementation

To: KHS Board of Directors

From: Deborah Murr, RN, CHSO

Date: April 14, 2022

Re: Student Behavioral Health Incentive Program (SBHIP) Needs Assessment Vendor

Background

In accordance with State law (AB 133, Welfare & Institutions Code Section 5961.3), the Department of Health Care Services (DHCS) was directed to design and implement the Student Behavioral Health Incentive Program (SBHIP) in 2022.

Statewide, $389 million is designated over a three-year period for all California MCAL plans (January 1, 2022-December 31, 2024). The Department of Health Care Services (DHCS) have allocated incentive payments of $11.9M to Medi-Cal managed care plans in Kern County that demonstrate success with achieving pre-defined goals and metrics associated with certain targeted interventions the State is looking to implement. A successful outcome will result in school affiliated behavioral health providers showing improved access to preventive, early intervention, and behavioral health services for TK-12 children for all participating schools.

Step One – Needs Assessment

A Needs Assessment of existing behavioral health services in Kern County is considered the first step in planning and prioritizing future behavioral health programs. The Needs Assessment requires qualitative and/or quantitative data, stakeholder input, and a map of existing behavioral health providers and resources.

Given the expertise and time commitment with conducting the needs assessment, Local Education Agencies along with the SBHIP stakeholders (KHS, Health Net, KC Superintendent of Schools, Kaiser, KC Behavioral Health and Recovery Services) are recommending hiring a consultant (vendor) to perform all requirements for the Needs Assessment.

KHS designed questions for interested vendors to use to develop proposals for conducting the health assessment. Five (5) vendors received the list of questions to which to respond should they wish to be considered for the role. Three (3) responses were received. with one eventually withdrawing from consideration. The SBHIP stakeholders interviewed and ranked proposals based on Needs Assessment requirements, responses, and budget. Following their review, Transforming Local Communities (TLC, Inc.) was recommended for the Needs Assessment work effort.

Funding for the Needs Assessment work effort will be paid from financial incentives received from DHCS targeted for this purpose. No contributions will come from KHS reserves or other stakeholders.

Requested Action

Board of Directors to approved contracting with Transforming Local Communities (TLC, Inc.) to perform the Needs Assessment for Kern County in preparation of submission of the Project Plan, including targeted interventions, and defined metrics and milestones in an amount not to exceed $479, 285.

Student Behavioral Health Incentive Program (SBHIP)

Board of Directors

Deborah Murr, RN, BS-HCM

Chief of Health Services

April 14, 2022

KERN HEALTH SYSTEMS

Agenda

- Overview
  - Regulatory
  - Purpose
- Targeted Interventions
- Current Status
  - Incentive Allocations
  - LEA selection
- Evaluation/Contract
- Board Request

Overview

Assembly Bill 133: Welfare and Institutions Code Section 5961.3:

- Department of Health Care Services (DHCS) has embarked on the implementation of the Student Behavioral Health Incentive Program (SBHIP) across California to increase access for Medi-Cal eligible members to early, preventive and behavioral health services through identified targeted interventions that would be provided by school-affiliated behavioral health providers for TK-12 children in Kern County

- Incentive funding provided to the Medi-Cal plans under SBHIP, is divided into 2 categories:
    - Needs Assessment to identify gaps
    - Targeted Interventions to build infrastructure and sustainability

- Kern County Stakeholders for the SBHIP program include Kern County Superintendent of Schools, Kern County Behavioral and Recovery Services, Local Education Agencies (School districts), Health Net, Kaiser, and Kern Health who will develop the interventions, goals, and metrics used to determine a Medi-Cal managed care plan's eligibility to receive the incentive payments.

Targeted Inventions

Targeted Interventions

- Must implement a minimum of 4 out of the 14 targeted interventions.
- Milestones/Metrics required for each targeted intervention
- MOU required for each targeted intervention. One MOU can be used for multiple targeted interventions within the same LEA.

Targeted Interventions	
1. Behavioral Health and Wellness Programs	8. Behavioral Health Public Dashboards and Reporting
2. Telehealth Services and Access to Technological Equipment	9. Technical Assistance Support for Contracts
3. Behavioral Health Screenings	10. Expand Behavioral Health Workforce
4. Suicide Prevention Strategies	11. Care Teams
5. Substance Use Disorder	12. IT Systems to Support Behavioral Health Services
6. Building Strong Partnership To Increase Medi-Cal reimbursable services	13. Pregnant Students and Teen Parents
7. Culturally Appropriate and Targeted Populations	14. Parent and Family Services

Incentive Allocation

Fund Group	Kern County	KHS	Health Net
Assessment	$1,335,000	$1,083,474	$251,526
Targeted Intervention	$11,904,193	$9,661,335	$2,242,858

Proposed Targeted Intervention Allocation by County: Updated 12.22.21

County	# of LEAs in County	Total Member Months Age 4-18	UPC	Allocation by MMs	Allocation by UPC	Final Allocation (50%MM, 50% UPC)	Final DHCS Proposal	
							County minimum # of Target Interventions based upon .25% increments of the $350M statewide funding and minimum of $500k per intervention.	
Kern	49	1,552,107	195,098	$ 12,571,011	$ 11,237,375	$ 11,904,193	4	TRUE

LEA Analytics/Criteria

Student Characteristics	Education Metrics	Health Metrics	Additional Factors
• 3-Year Average Unduplicated Students >90%	• Chronic Absenteeism*	• Concentration students on Medi-Cal*	• District Interest*
• Low Income*	• >3% Discipline Unduplicated Suspension Rate	• Concentration of Youth served by KBHRS	• District capacity
• English Learners*	• High Number of Students Experiencing Homelessness		
• Foster Youth*			

** DHCS criteria*

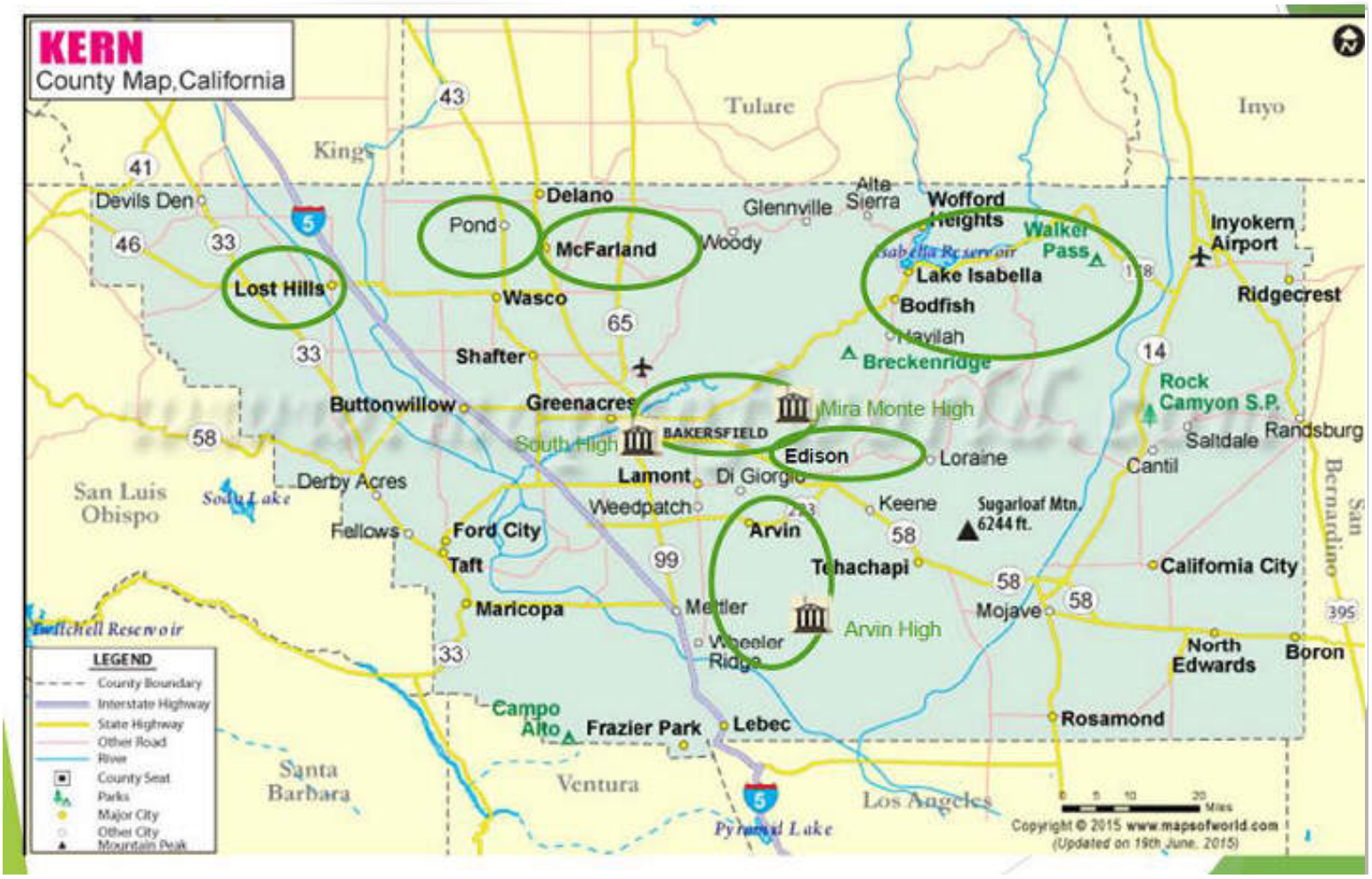
Selected LEA Partnerships

Arvin Union	KCSOS - Special Education & Alternative Education Programs	Lost Hills Union Elementary
Bakersfield City	Kern High	McFarland Union
Edison Elementary	Kernville Union	Pond Union

KERN HEALTH SYSTEMS

Local Education Associations Selected

Kern County extends over 8,139 miles and serves 200K+ student population
LEAs selected serve >50K students (25% of total Kern County student population)



Evaluation Process

- RFQ posted on 3/11/2022-sent to (5) targeted vendors plus public with (3) responses; (1) withdraw
- SBHIP workgroup interviewed/ranked proposal based on Needs Assessment requirements/response

Vendor Name	Gita Murthy Consulting (GMC)	Transforming Local Communities (LTC, Inc.)	Paul-Richman /James Morante
Contact	Gita Murthy	Dixie King	*Proposal Withdrawn*
Duration	April/May-December 2022	April/May-December 2022	
Total Assessment**	$375,000.00	$479,285.00	
Additional Cost	Yes	CAP total (Time/material)	
Comments ***cost funded through DHCS assessment funding*	• Contract in another county/capacity • Unfamiliar with Kern County • Unable to perform all areas of Needs Assessment • In-person/telehealth meetings/Travel to Kern • Proposal budget will increase based on need for KHS/HN to perform work vs. another consultant	• Sole entity for SBHIP • Familiar with Kern County • Past history working with KCSOS/County Behavioral Health • Able to perform all areas of Needs Assessment • In-person focus groups/townhalls /local • Budget final	
Recommendation		XXX	

Request to Board

- SBHIP funds are county specific incentive dollars
- Support KHS SBHIP leaderships' request to be facilitator of the contract for Needs Assessment vendor to ensure transparency/monitoring/reporting expenditures countywide
- Approve KHS leadership and SBHIP workgroup vendor recommendation to award Needs Assessment contract to **Transforming Local Communities** (**TLC, Inc.)** for work initiation beginning April 18, 2022, through December 2022 for budget not to exceed **$479, 285.00.**

KERN HEALTH SYSTEMS

Questions

Deborah Murr, RN, CHSO
deborah.murr@khs-net.com
661/428-0895

KERN HEALTH SYSTEMS

SBHIP Proposed Timeframe and Steps

SBHIP Timeline	Date
SBHIP Design Period: DHCS works with stakeholders to develop metrics, interventions, and goals to inform incentive payments to Medi-Cal managed care plans	August 2021–December 2021
MCPs Letters of Intent to participate in SBHIP due to DHCS	January 31, 2022
MCPs work with County office of Education to select collaborative partners and student population to target and submit information to DHCS	March 15, 2022
MCPs and selected partners conduct assessment	First/Second Quarter 2022
MCPs finalize needs assessment, referral process, and resource map: submit to DHCS	Fourth Quarter 2022
MCPs and selected partners: a. Select targeted intervention(s) and student population to target with selected intervention(s) b. Draft project plan to submit to DHCS	Fourth Quarter 2022
DHCS reviews MCP project plan for each MCP and each targeted intervention*	First Quarter 2023
MCPS and selected partners implement targeted intervention(s)	First/Second Quarter 2023
Interim project plan	Semiannually
MCPs and selected partners submit project outcomes document for each targeted intervention	Fourth Quarter 2024
SBHIP operations close	December 31, 2024

*Targeted interventions may be implemented prior to completion of assessment

KERN HEALTH SYSTEMS

AGREEMENT AT A GLANCE

Department Name: Health Services Department Head: Martha Tasinga, CMO; Deb Murr, CHSO

Vendor Name: Transforming Local Communities (TLC, Inc.)

Contact name & e-mail: Dixie L. King, Ph.D., 661-619-2735; transforminglocalcommunities.com

What services will this vendor provide to KHS? Conduct the Kern County Needs Assessment for the Student Behavioral Health Incentive Program (SBHIP) to determine behavioral needs/gaps in Kern County to determine interventions to be implemented with the Kern County of Education and Local Education Agencies to foster behavioral services located on or near school campuses and build sustainable infrastructure.

Description of Contract	
Type of Agreement: Software ☒ Contract ☐ Purchase ☒ New agreement ☐ Continuation of Agreement ☐ Addendum ☐ Amendment No. ____ ☐ Retroactive Agreement	Background: In accordance with State law (AB 133, Welfare & Institutions Code Section 5961.3), the Department of Health Care Services (DHCS) was directed to design and implement the Student Behavioral Health Incentive Program (SBHIP) in 2022. $389 million is designated over a three-year period for all California MCAL plans (January 1, 2022-December 31, 2024). The Department of Health Care Services (DHCS) have allocated incentive payments of $11.9M to Medi-Cal managed care plans in Kern County that demonstrate success with pre-defined goals and metrics associated with targeted interventions that can be implemented to increase access to preventive, early intervention, and behavioral health services by school-affiliated behavioral health providers for TK-12 children in schools. Brief Explanation: A needs assessment of existing behavioral health services in Kern County is considered the first step in planning and prioritizing future behavioral health programs. The needs assessment requires qualitative and/or quantitative data, stakeholder input, and a map of existing behavioral health providers and resources. Given the expertise and time commitment with conducting the needs assessment of the county Local Education Agencies, SBHIP stakeholders (KHS, Health Net, KC Superintendent of Schools, Kaiser, KC Behavioral Health and Recovery Services) are recommending a vendor with these skills to perform all requirements for the Needs Assessment.

Form updated 11/21/19

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

Brief vendor selection justification: RFQ posted 3/11/2022-sent to (5) targeted vendors plus public with (3) responses; (1) withdraw, SBHIP workgroup interviewed/ranked proposals based on Needs Assessment requirements/response and are recommending LTC, Inc. for the Needs Assessment work effort.

☐ Sole source – no competitive process can be performed.

Brief reason for sole source: ____

☐ Conflict of Interest Form is required for this Contract

☐ HIPAA Business Associate Agreement is required for this Contract

Fiscal Impact

KHS Governing Board previously approved this expense in KHS' FY 2022 Administrative Budget ☐ NO ☒ YES

Will this require additional funds? ☒ NO ☐ YES

Capital project ☐ NO ☒ YES

Project type: DHCS Incentive Program for improving Student Behavioral Health Access for MCAL enrollees in Kern County (KHS/Health Net)

Budgeted Cost Center 110 GL# 5490

Maximum cost of this agreement not to exceed: $479,285.00 per project

Notes: CAP budget billed on time and materials basis for period of 7.5 months (mid-April to December 2022)

Contract Terms and Conditions

Effective date: 4/18/2022 Termination date: 12/31/2022

Explain extension provisions, termination conditions and required notice: ____

Approvals

Compliance DMHC/DHCS Review:	**Legal Review:**
Director of Compliance and Regulatory Affairs	Legal Counsel
Date	Date
Contract Owner:	**Purchasing:**
Approved by Debb Murr Department Head	Director of Procurement and Facilities
per contract meeting 4/6/22 Date	4/6/22 Date

Form updated 11/21/19

Reviewed as to Budget:

Robt Sandro

Chief Financial Officer or Controller

4/6/22

Date

Recommended by the Executive Committee:

Chief Operating Officer

4-4-2022

Date

IT Approval:

Approved by Richard Pruitt

Chief Information Officer or IT Director

per Contract meeting 4/6/22

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

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Alan Avery, Chief Operating Officer

Date: April 14, 2022

Re: 2019-2020 DHCS Routine Medical Audit

Background

The Department of Health Care Services (DHCS) routinely conducts medical audits with all licensed Medi-Cal health plans. The audit reviews five performance areas including:

- Case Management and Care Coordination
- Utilization Management
- Access and Availability of Care
- Member's Rights
- Quality Management
- Administrative and Organization Capacity

Following completing the audit, for the five areas reviewed, DHCS recommended 14 changes they felt would improve KHS's performance. In response, KHS developed an action plan to operationalize DHCS's recommendations. The plan included modifications or upgrades to policies, workflows, auditing and staff training.

Enclosed is a presentation outlining DHCS's recommendations and modifications KHS is making to integrate their recommendations in the way we conduct our Health Services activities.

Requested Action

Receive and File.

DHCS 2021 Medical Audit and KHS Response

April 14, 2022

Alan Avery
Chief Operating Officer

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DHCS Routine Medical Audit

- Review Period: 08/01/2019 -07/31/2021
- DHCS Onsite Review: 09/12/21 – 09/24/21
- Medical Audit Review Areas:
  - Utilization Management
  - Case Management and Care Coordination
  - Access and Availability of Care
  - Member's rights
  - Quality Management
  - Administrative and Organization Capacity

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Audit Summary

Performance Areas	Recommendations
Utilization Management	4
Case Management & Care Coordination	1
Access and Availability of Care	1
Member's rights	3
Quality Management	1
Administrative and Organization Capacity	4

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Utilization Management Recommendations

Revise and implement P and P to review and approve medically necessary covered services

Key Activities Taken:

- Concern over a “pilot” program automatically approving Doctor’s requesting authorization of specialty consults or procedures routinely approved > 90%
- Update P and P to include UM Quarterly Audits to review for medical necessity and validation for continuing to include under the auto – authorization system

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Utilization Management Recommendations

Develop methods to detect under and over utilization of medical services

Key Activities Taken:

- Revise process and reporting of ”open” authorization (unutilized specialty care referrals) including notification to providers of same
- Empirical studies of physician practice patterns for treatment of common conditions comparing over / under utilization to their colleagues across several metrics

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Utilization Management Recommendations

Ensure all written member correspondence is clear, concise and at a 6th grade level

- Key Activities Taken:
  - Expanded health literacy tool used in HE to clinical staff for communicating with members on a 6th grade level
  - Revised 60 + letter templates now written for a 6th grade reading level

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Utilization Management Recommendations

Change policy to show Medi-Cal criteria is used first before other criteria is used to make medical decisions

Key Activities Taken:

- Policy updated to ensure hierarchy of criteria:
  - Medi-Cal
  - MCG
  - Up2date
  - Professional Societies

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Case Mgmt. and Care Coord. Recommendations

Ensure members complete their initial health assessment (IHA) upon enrollment

Key Activities Taken:

- New system to monitor completion of the IHA along with USPTFS preventive health services.
- Illicit PCP support to encourage members to complete their IHA
- Create a member incentive program for IHA completion
- Cover IHA importance in new member welcome call and correspondence
- Review monthly IHA tracking report to audit compliance and present to QI-UM Committee

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Access and Availability Recommendations

Revise transportation policy to ensure transport services are timely registered with Medi-Cal

Key Activities Taken:

- Scrub current transportation network directory for non-compliant drivers. (Two providers were identified as noncompliant with registration deadline).
- Continue on-going monitoring system & engage with DHCS to timely capture driver registration status with the State.
- Create report to monitor and capture driver compliance status

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Member Rights Recommendations

Revise process for ensuring member grievances are properly classified and QOC concerns are reviewed by M.D.

Key Activities Taken:

- M.D. and QI RN added to Grievance Committee for validation of grievance qualification type
- Retraining Member Services Representatives to identify member dissatisfaction and submit to MS Grievance Coordinator
- Daily report of “Grievance Calls Closed” reviewed by MS mgmt.
- Workflow to align with new structure and grievance review protocols.
- Compliance and QI Dept will perform monthly audits on proper classification, review and intervention protocols

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Quality Management Recommendations

Update policies and steps to monitor "potential inappropriate care" to identify aberrant practice patterns for further evaluation for quality-of-care issues

Key Activities Taken:

- Policies and Procedures enhanced to identify and evaluate potential inappropriate care
- A special designated clinical team (QI RN and QI Medical Director) created to evaluate cases referred to QI for investigation and evaluation
- A system for monitoring provider practice deficiencies and corrective action plans developed to support timely and effective closer of potential inappropriate care cases

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Admin. and Org. Capacity Recommendations

Prompt notification to DHCS of:

- *changes in network provider circumstances*
- *changes in network provider status*

Key Activities Taken:

- Internal policies and procedures modified for collecting and conveying network provider changes and prompt notification to DHCS:
  1. New workflow developed to track, document and communicate provider network changes
  2. Compliance staff assigned to monitor workflow and promptly notify DHCS changes

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Admin. and Org. Capacity Recommendations

- *Verify that provider services rendered were received by members*
- *Report suspicious fraud and/or abuse within ten working days to DHCS*

Key Activities Taken:

- Using a random sample of claims, identified patients will be asked to verify services for which provider received payment.
- Workflow improvements developed to capture potential Fraud, Waste and Abuse (FWA) violations
- Compliance will investigate suspicious activity for FWA coming from both internal and external sources
- Compliance will report all incidents of suspicious FWA within 10 days of identification

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KHS Action Plan Summary

Changes /Modifications /Upgrades based on DHCS Recommendations

Performance Areas	Policy Changes	Workflow/Forms Modification	New /Enhanced Audit & Reporting	Staff Retraining / Reassignment
Utilization Management	5	9	6	1
Case Management / Care Coordination	4	5	4	0
Access and Availability of Care	1	0	1	0
Member's Rights	6	4	5	1
Quality Management	2	0	2	0
Admin / Organizational Capacity	6	5	0	2

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- For more information

Alan Avery, Chief Operating Officer
Jane MacAdam, Director of Compliance

(661) 664-5000

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KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 14, 2022

Re: December 2021 Financial Results

The December results reflect a $5,399,891 Net Increase in Net Position which is a $6,746,316 favorable variance to the budget. Listed below are the major variances for the month:

1) Total Revenues reflect a $11.7 million favorable variance primarily due to:

   A) $8.3 million favorable variance primarily due to higher-than-expected budgeted membership.

   B) $1.3 million favorable variance in revenues earned from DHCS under the KHS Covid-19 Vaccination Incentive Program by meeting key performance measurements designed to improve the vaccination rate with our members. Under this Program, KHS has offered incentives to Providers to perform significantly expanded outreach to KHS Members that are based on achieving specified outcomes. Additionally, there are Member Incentives (not to exceed $50 per member) for our Members that get vaccinated. This amount is offset against amounts included in 2D below.

   C) $2.7 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rates for calendar year 2021 from DHCS and higher than expected membership offset against amounts included in 2E below.

2) Total Medical Costs reflect a $5.7 million unfavorable variance primarily due to:

   A) $2.7 million unfavorable variance in Physician Services primarily due to higher-than-expected utilization of Referral Specialty Services and Urgent Care Services for Family/Other members.

   B) $1.2 million favorable variance in Emergency Room primarily due to lower-than- expected utilization over the last several months.

   C) $1.7 million unfavorable variance in Inpatient primarily due to higher-than-expected utilization.

   D) $1.3 million unfavorable variance in Other Medical due to Vaccine Incentive Program expenses earned by our Providers along with Incentives earned by our members offset against amounts included in 1B above.

E) $2.7 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rates for calendar year 2021 from DHCS and higher than expected Membership offset against amounts included in 1C above.

F) $1.0 million favorable IBNR, Incentive, Paid Claims Adjustment primarily from lower-than-expected P4P payouts relating to the prior year.

G) Items 2A-2C above include approximately $4.0 million of favorable IBNR adjustments primarily from favorable Inpatient utilization from the June 30, 2021 Milliman Actuary Review liability estimate.

3) Administrative Expenses Adjustment reflects a $.2 million favorable variance primarily due to:

A) $1.8 million favorable variance relating from the CalPERS Net Pension adjustment for the period July 1, 2020 to June 30, 2021 required under GASB 68.

B) $1.4 million unfavorable variance in Depreciation Expense relating to Capitalized Projects that were completed in the prior year.

C) $.2 million unfavorable variance from an increase in the Allowance for Claims Processing Expense which is a statutory requirement**.**

The December Medical Loss Ratio is 87.4% which is favorable to the 93.4% budgeted amount. The December Administrative Expense Ratio is 6.4% which is favorable to the 6.6% budgeted amount.

The results for the 12 months ended December 31, 2021 reflect a Net Increase in Net Position of $20,390,141. This is a $29,317,451 favorable variance to budget and includes approximately $5.9 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 92.2 % which is favorable to the 93.2% budgeted amount. The year-to-date Administrative Expense Ratio is 5.6% which is favorable to the 6.7% budgeted amount.

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS	DECEMBER 2021	NOVEMBER 2021	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 90,414,348	$ 156,432,908	$ (66,018,560)
Short-Term Investments	195,789,809	139,573,231	56,216,578
Premiums Receivable - Net	113,480,033	117,505,175	(4,025,142)
Premiums Receivable - Hospital Direct Payments	318,427,442	301,594,558	16,832,884
Interest Receivable	42,610	184,046	(141,436)
Other Receivables	1,207,718	923,710	284,008
Prepaid Expenses & Other Current Assets	3,946,946	2,996,406	950,540
Provider Advance Payment	5,068,733	5,126,469	(57,736)
Total Current Assets	$ 728,377,639	$ 724,336,503	$ 4,098,872
CAPITAL ASSETS - NET OF ACCUM DEPRE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,697,770	1,777,138	(79,368)
Computer Hardware and Software - Net	20,523,320	14,208,129	6,315,191
Building and Building Improvements - Net	34,628,502	34,515,645	112,857
Capital Projects in Progress	4,580,047	12,784,572	(8,204,525)
Total Capital Assets	$ 65,520,345	$ 67,376,190	$ (1,855,845)
LONG TERM ASSETS:			
Restricted Investments	300,000	300,000	-
Net Pension Asset	693,712	-	693,712
Officer Life Insurance Receivables	1,653,011	1,593,961	59,050
Total Long Term Assets	$ 2,646,723	$ 1,893,961	$ 1,082,208
DEFERRED OUTFLOWS OF RESOURCES	$ 3,665,821	$ 3,018,341	$ 647,480
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 800,210,528	$ 796,624,995	$ 3,972,715
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accrued Salaries and Employee Benefits	$ 3,818,600	$ 3,565,173	253,427
Accrued Other Operating Expenses	2,277,821	1,797,562	480,259
Accrued Taxes and Licenses	29,533,391	19,638,235	9,895,156
Claims Payable (Reported)	22,249,623	24,429,531	(2,179,908)
IBNR - Inpatient Claims	40,537,660	44,582,541	(4,044,881)
IBNR - Physician Claims	19,511,709	17,350,901	2,160,808
IBNR - Accrued Other Medical	22,698,609	24,208,119	(1,509,510)
Risk Pool and Withholds Payable	5,023,866	5,023,866	-
Statutory Allowance for Claims Processing Expense	2,389,766	2,157,367	232,399
Other Liabilities	80,927,397	104,313,884	(23,386,487)
Accrued Hospital Directed Payments	318,427,442	301,594,558	16,832,884
Total Current Liabilities	$ 547,395,884	$ 548,661,737	$ (1,265,853)
NONCURRENT LIABILITIES:			
Net Pension Liability	-	5,800,140	(5,800,140)
TOTAL NONCURRENT LIABILITIES	$ -	$ 5,800,140	$ (5,800,140)
DEFERRED INFLOWS OF RESOURCES	$ 5,338,319	$ 86,684	$ 5,251,635
NET POSITION:			
Net Position - Beg. of Year	227,086,184	227,086,184	-
Increase (Decrease) in Net Position - Current Year	20,390,141	14,990,250	5,399,891
Total Net Position	$ 247,476,325	$ 242,076,434	$ 5,399,891
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 800,210,528	$ 796,624,995	$ 3,585,533

KERN HEALTH SYSTEMS
MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH MEMBERS				YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
194,202	185,800	8,402	Family Members	2,266,739	2,203,200	63,539
79,127	70,565	8,562	Expansion Members	908,213	846,780	61,433
15,791	15,230	561	SPD Members	192,215	182,760	9,455
9,037	7,000	2,037	Other Members	101,231	84,000	17,231
12,692	10,500	2,192	Kaiser Members	142,638	126,000	16,638
310,849	289,095	21,754	Total Members - MCAL	3,611,036	3,442,740	168,296
			REVENUES			
36,899,197	32,321,401	4,577,796	Title XIX - Medicaid - Family and Other	422,042,060	385,136,950	36,905,110
30,241,720	26,523,705	3,718,015	Title XIX - Medicaid - Expansion Members	350,675,391	318,284,415	32,390,976
16,506,513	15,294,634	1,211,879	Title XIX - Medicaid - SPD Members	191,045,932	183,535,605	7,510,327
10,273,393	9,894,054	379,339	Premium - MCO Tax	119,594,632	112,792,217	6,802,415
16,836,470	14,119,144	2,717,326	Premium - Hospital Directed Payments	194,556,399	168,615,703	25,940,696
(694,967)	168,590	(863,557)	Investment Earnings And Other Income	(72,677)	2,000,000	(2,072,677)
-	80,793	(80,793)	Reinsurance Recoveries	-	961,855	(961,855)
(3,586)	-	(3,586)	Rate Adjustments - Hospital Directed Payments	49,173,291	-	49,173,291
5,625	-	5,625	Rate/Income Adjustments	3,184,796	-	3,184,796
110,064,365	98,402,320	11,662,045	TOTAL REVENUES	1,330,199,824	1,171,326,746	158,873,078
			EXPENSES			
			Medical Costs:			
17,972,930	15,247,665	(2,725,265)	Physician Services	194,076,343	181,911,062	(12,165,281)
4,344,076	4,742,244	398,168	Other Professional Services	56,377,257	56,734,893	357,636
4,391,622	5,608,516	1,216,894	Emergency Room	54,752,776	66,844,872	12,092,096
17,137,562	15,477,331	(1,660,231)	Inpatient	239,518,145	184,923,062	(54,595,083)
86,147	80,793	(5,354)	Reinsurance Expense	1,000,259	961,855	(38,404)
6,083,159	7,020,827	937,668	Outpatient Hospital	91,571,151	83,900,377	(7,670,774)
11,502,354	10,216,261	(1,286,093)	Other Medical	131,418,694	121,881,016	(9,537,678)
10,620,178	10,532,624	(87,554)	Pharmacy	118,693,060	125,952,725	7,259,665
1,420,000	529,331	(890,670)	Pay for Performance Quality Incentive	5,737,262	6,301,806	564,544
16,836,470	14,119,144	(2,717,326)	Hospital Directed Payments	194,556,399	168,615,703	(25,940,696)
(3,586)	-	3,586	Hospital Directed Payment Adjustment	48,161,437	-	(48,161,437)
(44,256)	-	44,256	Non-Claims Expense Adjustment	943,415	-	(943,415)
(1,022,824)	-	1,022,824	IBNR, Incentive, Paid Claims Adjustment	(2,260,200)	-	2,260,200
89,323,832	83,574,735	(5,749,097)	Total Medical Costs	1,134,545,998	998,027,372	(136,518,626)
20,740,533	14,827,585	5,912,948	GROSS MARGIN	195,653,826	173,299,374	22,354,452
			Administrative:			
2,592,690	2,856,030	263,340	Compensation	32,803,292	34,347,364	1,544,072
1,355,474	1,071,006	(284,468)	Purchased Services	11,747,964	12,852,072	1,104,108
164,659	133,106	(31,553)	Supplies	1,138,937	1,597,275	458,338
746,072	500,520	(245,552)	Depreciation	5,715,099	6,006,245	291,146
605,706	385,959	(219,747)	Other Administrative Expenses	3,523,404	4,631,510	1,108,106
(194,326)	-	194,326	Administrative Expense Adjustment	(381,565)	-	381,565
5,270,275	4,946,622	(323,653)	Total Administrative Expenses	54,547,131	59,434,466	4,887,335
94,594,107	88,521,357	(6,072,750)	TOTAL EXPENSES	1,189,093,129	1,057,461,838	(131,631,291)
15,470,258	9,880,963	5,589,295	OPERATING INCOME (LOSS) BEFORE TAX	141,106,695	113,864,908	27,241,787
9,895,157	9,894,054	(1,103.00)	MCO TAX	112,821,118	112,792,217	(28,900)
5,575,101	(13,091)	5,588,192	OPERATING INCOME (LOSS) NET OF TAX	28,285,577	1,072,690	27,212,887
			NONOPERATING REVENUE (EXPENSE)			
-	-	-	Gain on Sale of Assets	-	-	-
56,705	(1,166,667)	1,223,372	Provider Recruitment and Retention Grants	(6,713,473)	(8,000,000)	1,286,527
(231,915)	(166,667)	(65,248)	Health Home	(1,181,963)	(2,000,000)	818,037
(175,210)	(1,333,334)	1,158,124	TOTAL NONOPERATING REVENUE (EXPENSE)	(7,895,436)	(10,000,000)	2,104,564
5,399,891	(1,346,425)	6,746,316	NET INCREASE (DECREASE) IN NET POSITION	20,390,141	(8,927,310)	29,317,451
87.4%	93.4%	6.0%	MEDICAL LOSS RATIO	92.2%	93.2%	1.0%
6.4%	6.6%	0.3%	ADMINISTRATIVE EXPENSE RATIO	5.6%	6.7%	1.0%

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
194,202	185,800	8,402	Family Members	2,266,739	2,203,200	63,539
79,127	70,565	8,562	Expansion Members	908,213	846,780	61,433
15,791	15,230	561	SPD Members	192,215	182,760	9,455
9,037	7,000	2,037	Other Members	101,231	84,000	17,231
12,692	10,500	2,192	Kaiser Members	142,638	126,000	16,638
310,849	289,095	21,754	Total Members - MCAL	3,611,036	3,442,740	168,296
			REVENUES			
181.56	167.64	13.91	Title XIX - Medicaid - Family and Other	178.23	168.39	9.84
382.19	375.88	6.32	Title XIX - Medicaid - Expansion Members	386.12	375.88	10.24
1,045.31	1,004.24	41.07	Title XIX - Medicaid - SPD Members	993.92	1,004.24	(10.33)
34.46	35.51	(1.06)	Premium - MCO Tax	34.48	34.01	0.47
56.47	50.68	5.79	Premium - Hospital Directed Payments	56.09	50.84	5.26
(2.33)	0.61	(2.94)	Investment Earnings And Other Income	(0.02)	0.60	(0.62)
0.00	0.29	(0.29)	Reinsurance Recoveries	0.00	0.29	(0.29)
(0.01)	0.00	(0.01)	Rate Adjustments - Hospital Directed Payments	14.18	0.00	14.18
0.02	0.00	0.02	Rate/Income Adjustments	0.92	0.00	0.92
369.15	353.21	15.94	TOTAL REVENUES	383.52	353.16	30.36
			EXPENSES			
			Medical Costs:			
60.28	54.73	(5.55)	Physician Services	55.96	54.85	(1.11)
14.57	17.02	2.45	Other Professional Services	16.25	17.11	0.85
14.73	20.13	5.40	Emergency Room	15.79	20.15	4.37
57.48	55.55	(1.92)	Inpatient	69.06	55.75	(13.30)
0.29	0.29	0.00	Reinsurance Expense	0.29	0.29	0.00
20.40	25.20	4.80	Outpatient Hospital	26.40	25.30	(1.11)
38.58	36.67	(1.91)	Other Medical	37.89	36.75	(1.14)
35.62	37.81	2.19	Pharmacy	34.22	37.97	3.75
4.76	1.90	(2.86)	Pay for Performance Quality Incentive	1.65	1.90	0.25
56.47	50.68	(5.79)	Hospital Directed Payments	56.09	50.84	(5.26)
(0.01)	0.00	0.01	Hospital Directed Payment Adjustment	13.89	0.00	(13.89)
(0.15)	0.00	0.15	Non-Claims Expense Adjustment	0.27	0.00	(0.27)
(3.43)	0.00	3.43	IBNR, Incentive, Paid Claims Adjustment	(0.65)	0.00	0.65
299.59	299.99	0.40	Total Medical Costs	327.11	300.91	(26.20)
69.56	53.22	16.34	GROSS MARGIN	56.41	52.25	4.16
			Administrative:			
8.70	10.25	1.56	Compensation	9.46	10.36	0.90
4.55	3.84	(0.70)	Purchased Services	3.39	3.87	0.49
0.55	0.48	(0.07)	Supplies	0.33	0.48	0.15
2.50	1.80	(0.71)	Depreciation	1.65	1.81	0.16
2.03	1.39	(0.65)	Other Administrative Expenses	1.02	1.40	0.38
(0.65)	0.00	0.65	Administrative Expense Adjustment	(0.11)	0.00	0.11
17.68	17.76	0.08	Total Administrative Expenses	15.73	17.92	2.19
317.26	317.74	0.48	TOTAL EXPENSES	342.84	318.83	(24.01)
51.89	35.47	16.42	OPERATING INCOME (LOSS) BEFORE TAX	40.68	34.33	6.35
33.19	35.51	2.33	MCO TAX	32.53	34.01	1.48
18.70	(0.05)	18.75	OPERATING INCOME (LOSS) NET OF TAX	8.16	0.32	7.83
			NONOPERATING REVENUE (EXPENSE)			
0.00	0.00	0.00	Gain on Sale of Assets	0.00	0.00	0.00
0.19	(4.19)	4.38	Reserve Fund Projects/Community Grants	(1.94)	(2.41)	0.48
(0.78)	(0.60)	(0.18)	Health Home	(0.34)	(0.60)	0.26
(0.59)	(4.79)	4.20	TOTAL NONOPERATING REVENUE (EXPENSE)	(2.28)	(3.02)	0.74
18.11	(4.83)	22.94	NET INCREASE (DECREASE) IN NET POSITION	5.88	(2.69)	8.57
87.4%	93.4%	6.0%	MEDICAL LOSS RATIO	92.2%	93.2%	1.0%
6.4%	6.6%	0.3%	ADMINISTRATIVE EXPENSE RATIO	5.6%	6.7%	1.0%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2021	DECEMBER 2020	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021
ENROLLMENT							
Members - MCAL	277,452	278,517	276,880	282,972	284,587	287,199	289,309
REVENUES							
Title XIX - Medicaid - Family and Other	32,216,002	33,254,490	33,365,704	33,587,650	33,739,041	34,872,666	35,878,342
Title XIX - Medicaid - Expansion Members	27,197,954	27,548,311	27,720,576	28,063,951	28,547,171	28,728,667	29,533,533
Title XIX - Medicaid - SPD Members	15,504,966	15,326,978	15,368,431	15,407,903	15,527,562	16,024,510	15,971,978
Premium - MCO Tax	8,830,398	9,577,432	9,657,982	9,752,737	9,805,142	9,876,747	9,961,634
Premium - Hospital Directed Payments	9,738,038	15,121,903	15,230,282	12,949,303	14,734,613	14,811,749	22,138,233
Investment Earnings And Other Income	147,197	4,303	116,471	(249,580)	205,894	195,233	(408,458)
Rate Adjustments - Hospital Directed Payments	(2,692)	39,990	21,877	78,150,342	3,134	79,899	4,445
Rate/Income Adjustments	226,726	799,886	594,678	1,527,455	266,498	595,656	(93,658)
TOTAL REVENUES	93,858,589	101,673,293	102,076,001	179,189,761	102,829,055	105,185,127	112,986,049
EXPENSES							
Medical Costs:							
Physician Services	12,660,363	14,907,160	14,731,540	15,058,794	15,642,095	15,744,708	16,190,717
Other Professional Services	4,935,401	4,421,552	4,883,941	5,048,627	5,107,193	4,658,383	4,460,451
Emergency Room	3,194,257	4,676,327	4,420,437	4,353,449	4,480,205	5,023,372	5,040,670
Inpatient	19,183,080	19,853,180	19,321,533	17,577,565	18,419,878	20,578,157	20,739,625
Reinsurance Expense	77,390	81,215	80,770	80,461	80,129	84,297	82,530
Outpatient Hospital	6,565,195	7,108,674	6,610,422	7,160,111	8,681,740	8,842,725	8,800,023
Other Medical	13,070,247	10,641,113	10,412,229	11,840,899	9,883,445	10,960,637	12,430,651
Pharmacy	9,651,881	9,100,359	9,049,621	10,299,227	9,412,697	9,349,484	10,442,688
Pay for Performance Quality Incentive	-	529,182	529,183	526,070	540,715	540,715	545,673
Hospital Directed Payments	9,738,038	15,121,903	15,230,282	12,949,303	14,734,613	14,811,759	22,138,233
Hospital Directed Payment Adjustment	(1,263)	39,990	21,878	77,356,953	3,134	597	3,943
Non-Claims Expense Adjustment	1,598	287,063	233,372	212,564	71,855	58,763	46,953
IBNR, Incentive, Paid Claims Adjustment	316,193	4,787	858,658	1,700,070	(85,946)	449,838	(2,226,487)
Total Medical Costs	79,392,380	86,772,505	86,383,866	164,164,093	86,971,753	91,103,435	98,695,670
GROSS MARGIN	14,466,209	14,900,788	15,692,135	15,025,668	15,857,302	14,081,692	14,290,379
Administrative:							
Compensation	2,766,869	2,772,584	2,908,104	2,457,160	2,691,957	2,748,394	2,731,289
Purchased Services	1,172,530	818,908	824,152	941,200	986,086	996,889	985,876
Supplies	39,305	57,592	57,416	4,446	131,712	57,943	85,576
Depreciation	421,301	422,833	422,834	426,541	426,541	422,382	425,837
Other Administrative Expenses	351,189	277,245	267,201	102,962	248,235	230,567	233,637
Administrative Expense Adjustment	1,407,045	18,296	(271,318)	57,294	(5,010)	(215)	(63,654)
Total Administrative Expenses	6,158,239	4,367,458	4,208,389	3,989,603	4,479,521	4,455,960	4,398,561
TOTAL EXPENSES	85,550,619	91,139,963	90,592,255	168,153,696	91,451,274	95,559,395	103,094,231
OPERATING INCOME (LOSS) BEFORE TAX	8,307,970	10,533,330	11,483,746	11,036,065	11,377,781	9,625,732	9,891,818
MCO TAX	8,904,649	8,902,943	8,904,649	8,933,228	8,905,080	8,905,142	8,904,648
OPERATING INCOME (LOSS) NET OF TAX	(596,679)	1,630,387	2,579,097	2,102,837	2,472,701	720,590	987,170
TOTAL NONOPERATING REVENUE (EXPENSE)	1,433,032	(137,472)	(151,159)	(88,366)	(167,372)	(245,779)	(164,148)
NET INCREASE (DECREASE) IN NET POSITION	836,353	1,492,915	2,427,938	2,014,471	2,305,329	474,811	823,022
MEDICAL LOSS RATIO	92.5%	93.1%	92.2%	94.3%	92.3%	94.9%	94.6%
ADMINISTRATIVE EXPENSE RATIO	8.2%	5.7%	5.5%	5.1%	5.7%	5.5%	5.4%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	13 MONTH TOTAL
ENROLLMENT							
Members - MCAL	290,980	292,271	294,672	295,865	296,989	298,157	3,745,850
REVENUES							
Title XIX - Medicaid - Family and Other	35,761,670	34,569,656	35,961,464	37,040,845	37,111,335	36,899,197	454,258,062
Title XIX - Medicaid - Expansion Members	29,676,566	29,540,608	29,932,046	30,140,656	31,001,586	30,241,720	377,873,345
Title XIX - Medicaid - SPD Members	16,260,445	16,115,519	16,075,172	16,206,131	16,254,790	16,506,513	206,550,898
Premium - MCO Tax	10,025,153	10,069,582	10,136,079	10,229,218	10,229,533	10,273,393	128,425,030
Premium - Hospital Directed Payments	16,337,340	16,361,944	16,554,814	16,726,476	16,753,272	16,836,470	204,294,437
Investment Earnings And Other Income	(39,267)	567,469	(59,079)	131,645	157,659	(694,967)	74,520
Rate Adjustments - Hospital Directed Payments	(29,149,066)	7,365	5,709	4,491	8,691	(3,586)	49,170,599
Rate/Income Adjustments	(294,637)	(458,866)	122,473	52,871	66,815	5,625	3,411,522
TOTAL REVENUES	78,578,204	106,773,277	108,728,678	110,532,333	111,583,681	110,064,365	1,424,058,413
EXPENSES							
Medical Costs:							
Physician Services	15,305,367	15,819,470	17,895,535	17,549,058	17,258,969	17,972,930	206,736,706
Other Professional Services	4,604,443	4,825,412	4,347,759	4,846,005	4,829,415	4,344,076	61,312,658
Emergency Room	4,833,831	4,472,304	3,735,609	4,506,067	4,818,883	4,391,622	57,947,033
Inpatient	20,542,490	20,581,248	20,303,427	23,207,054	21,256,426	17,137,562	258,701,225
Reinsurance Expense	84,045	84,997	84,384	85,133	86,151	86,147	1,077,649
Outpatient Hospital	7,937,455	7,942,981	7,529,697	7,080,379	7,793,785	6,083,159	98,136,346
Other Medical	9,927,247	9,914,269	10,572,454	10,784,127	12,549,269	11,502,354	144,488,941
Pharmacy	9,774,211	10,298,442	9,913,574	10,236,384	10,196,195	10,620,178	128,344,941
Pay for Performance Quality Incentive	552,862	552,862	-	-	-	1,420,000	5,737,262
Hospital Directed Payments	16,337,330	16,361,944	16,554,814	16,726,476	16,753,272	16,836,470	204,294,437
Hospital Directed Payment Adjustment	(29,149,382)	7,365	(132,637)	4,491	8,691	(3,586)	48,160,174
Non-Claims Expense Adjustment	(11,833)	34,433	20,737	8,907	24,857	(44,256)	945,013
IBNR, Incentive, Paid Claims Adjustment	406,066	(55,915)	14,595	(924,120)	(1,378,922)	(1,022,824)	(1,944,007)
Total Medical Costs	61,144,132	90,839,812	90,839,948	94,109,961	94,196,991	89,323,832	1,213,938,378
GROSS MARGIN	17,434,072	15,933,465	17,888,730	16,422,372	17,386,690	20,740,533	210,120,035
Administrative:							
Compensation	2,805,915	2,781,896	2,791,543	2,746,218	2,775,542	2,592,690	35,570,161
Purchased Services	939,689	845,393	968,021	991,178	1,095,098	1,355,474	12,920,494
Supplies	156,626	193,504	(17,330)	58,257	188,536	164,659	1,178,242
Depreciation	425,522	427,805	427,804	424,376	716,552	746,072	6,136,400
Other Administrative Expenses	274,638	214,396	443,524	348,575	276,718	605,706	3,874,593
Administrative Expense Adjustment	(1,674)	(2,367)	3,540	300	77,569	(194,326)	1,025,480
Total Administrative Expenses	4,600,716	4,460,627	4,617,102	4,568,904	5,130,015	5,270,275	60,705,370
TOTAL EXPENSES	65,744,848	95,300,439	95,457,050	98,678,865	99,327,006	94,594,107	1,274,643,748
OPERATING INCOME (LOSS) BEFORE TAX	12,833,356	11,472,838	13,271,628	11,853,468	12,256,675	15,470,258	149,414,665
MCO TAX	9,894,054	9,894,055	9,894,054	9,894,054	9,894,054	9,895,157	121,725,767
OPERATING INCOME (LOSS) NET OF TAX	2,939,302	1,578,783	3,377,574	1,959,414	2,362,621	5,575,101	27,688,898
TOTAL NONOPERATING REVENUE (EXPENSE)	(833,809)	(949,330)	(2,438,918)	(1,027,231)	(1,516,642)	(175,210)	(6,462,404)
NET INCREASE (DECREASE) IN NET POSITION	2,105,493	629,453	938,656	932,183	845,979	5,399,891	21,226,494
MEDICAL LOSS RATIO	90.9%	92.7%	90.7%	92.6%	91.5%	87.4%	92.3%
ADMINISTRATIVE EXPENSE RATIO	5.7%	5.6%	5.6%	5.5%	6.1%	6.4%	5.8%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2021	DECEMBER 2020	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021
ENROLLMENT							
Members - MCAL	277,452	278,517	276,880	282,972	284,587	287,199	289,309
REVENUES							
Title XIX - Medicaid - Family and Other	168.64	174.01	177.17	172.94	173.28	177.71	181.55
Title XIX - Medicaid - Expansion Members	384.47	385.83	397.58	382.20	385.72	381.99	388.41
Title XIX - Medicaid - SPD Members	989.03	957.28	816.21	1,005.21	978.42	1,017.24	1,020.90
Premium - MCO Tax	31.83	34.39	34.88	34.47	34.45	34.39	34.43
Premium - Hospital Directed Payments	35.10	54.29	55.01	45.76	51.78	51.57	76.52
Investment Earnings And Other Income	0.53	0.02	0.42	(0.88)	0.72	0.68	(1.41)
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	(0.01)	0.14	0.08	276.18	0.01	0.28	0.02
Rate/Income Adjustments	0.82	2.87	2.15	5.40	0.94	2.07	(0.32)
TOTAL REVENUES	338.29	365.05	368.67	633.24	361.33	366.24	390.54
EXPENSES							
Medical Costs:							
Physician Services	45.63	53.52	53.21	53.22	54.96	54.82	55.96
Other Professional Services	17.79	15.88	17.64	17.84	17.95	16.22	15.42
Emergency Room	11.51	16.79	15.97	15.38	15.74	17.49	17.42
Inpatient	69.14	71.28	69.78	62.12	64.72	71.65	71.69
Reinsurance Expense	0.28	0.29	0.29	0.28	0.28	0.29	0.29
Outpatient Hospital	23.66	25.52	23.87	25.30	30.51	30.79	30.42
Other Medical	47.11	38.21	37.61	41.84	34.73	38.16	42.97
Pharmacy	34.79	32.67	32.68	36.40	33.07	32.55	36.10
Pay for Performance Quality Incentive	0.00	1.90	1.91	1.86	1.90	1.88	1.89
Hospital Directed Payments	35.10	54.29	55.01	45.76	51.78	51.57	76.52
Hospital Directed Payment Adjustment	(0.00)	0.14	0.08	273.37	0.01	0.00	0.01
Non-Claims Expense Adjustment	0.01	1.03	0.84	0.75	0.25	0.20	0.16
IBNR, Incentive, Paid Claims Adjustment	1.14	0.02	3.10	6.01	(0.30)	1.57	(7.70)
Total Medical Costs	286.15	311.55	311.99	580.14	305.61	317.21	341.14
GROSS MARGIN	52.14	53.50	56.67	53.10	55.72	49.03	49.39
Administrative:							
Compensation	9.97	9.95	10.50	8.68	9.46	9.57	9.44
Purchased Services	4.23	2.94	2.98	3.33	3.46	3.47	3.41
Supplies	0.14	0.21	0.21	0.02	0.46	0.20	0.30
Depreciation	1.52	1.52	1.53	1.51	1.50	1.47	1.47
Other Administrative Expenses	1.27	1.00	0.97	0.36	0.87	0.80	0.81
Administrative Expense Adjustment	5.07	0.07	(0.98)	0.20	(0.02)	(0.00)	(0.22)
Total Administrative Expenses	22.20	15.68	15.20	14.10	15.74	15.52	15.20
TOTAL EXPENSES	308.34	327.23	327.19	594.24	321.35	332.73	356.35
OPERATING INCOME (LOSS) BEFORE TAX	29.94	37.82	41.48	39.00	39.98	33.52	34.19
MCO TAX	32.09	31.97	32.16	31.57	31.29	31.01	30.78
OPERATING INCOME (LOSS) NET OF TAX	(2.15)	5.85	9.31	7.43	8.69	2.51	3.41
TOTAL NONOPERATING REVENUE (EXPENSE)	5.16	(0.49)	(0.55)	(0.31)	(0.59)	(0.86)	(0.57)
NET INCREASE (DECREASE) IN NET POSITION	3.01	5.36	8.77	7.12	8.10	1.65	2.84
MEDICAL LOSS RATIO	92.5%	93.1%	92.2%	94.3%	92.3%	94.9%	94.6%
ADMINISTRATIVE EXPENSE RATIO	8.2%	5.7%	5.5%	5.1%	5.7%	5.5%	5.4%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	13 MONTH TOTAL
ENROLLMENT							
Members - MCAL	290,980	292,271	294,672	295,865	296,989	298,157	3,745,850
REVENUES							
Title XIX - Medicaid - Family and Other	180.10	173.76	179.43	183.53	183.31	181.56	177.51
Title XIX - Medicaid - Expansion Members	387.35	380.84	383.93	383.57	393.96	382.19	386.00
Title XIX - Medicaid - SPD Members	1,029.14	1,023.27	1,017.48	1,018.29	1,026.19	1,045.31	993.55
Premium - MCO Tax	34.45	34.45	34.40	34.57	34.44	34.46	34.28
Premium - Hospital Directed Payments	56.15	55.98	56.18	56.53	56.41	56.47	54.54
Investment Earnings And Other Income	(0.13)	1.94	(0.20)	0.44	0.53	(2.33)	0.02
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	(100.18)	0.03	0.02	0.02	0.03	(0.01)	13.13
Rate/Income Adjustments	(1.01)	(1.57)	0.42	0.18	0.22	0.02	0.91
TOTAL REVENUES	270.05	365.32	368.98	373.59	375.72	369.15	380.17
EXPENSES							
Medical Costs:							
Physician Services	52.60	54.13	60.73	59.31	58.11	60.28	55.19
Other Professional Services	15.82	16.51	14.75	16.38	16.26	14.57	16.37
Emergency Room	16.61	15.30	12.68	15.23	16.23	14.73	15.47
Inpatient	70.60	70.42	68.90	78.44	71.57	57.48	69.06
Reinsurance Expense	0.29	0.29	0.29	0.29	0.29	0.29	0.29
Outpatient Hospital	27.28	27.18	25.55	23.93	26.24	20.40	26.20
Other Medical	34.12	33.92	35.88	36.45	42.25	38.58	38.57
Pharmacy	33.59	35.24	33.64	34.60	34.33	35.62	34.26
Pay for Performance Quality Incentive	1.90	1.89	0.00	0.00	0.00	4.76	1.53
Hospital Directed Payments	56.15	55.98	56.18	56.53	56.41	56.47	54.54
Hospital Directed Payment Adjustment	(100.18)	0.03	(0.45)	0.02	0.03	(0.01)	12.86
Non-Claims Expense Adjustment	(0.04)	0.12	0.07	0.03	0.08	(0.15)	0.25
IBNR, Incentive, Paid Claims Adjustment	1.40	(0.19)	0.05	(3.12)	(4.64)	(3.43)	(0.52)
Total Medical Costs	210.13	310.81	308.27	318.08	317.17	299.59	324.08
GROSS MARGIN	59.92	54.52	60.71	55.51	58.54	69.56	56.09
Administrative:							
Compensation	9.64	9.52	9.47	9.28	9.35	8.70	9.50
Purchased Services	3.23	2.89	3.29	3.35	3.69	4.55	3.45
Supplies	0.54	0.66	(0.06)	0.20	0.63	0.55	0.31
Depreciation	1.46	1.46	1.45	1.43	2.41	2.50	1.64
Other Administrative Expenses	0.94	0.73	1.51	1.18	0.93	2.03	1.03
Administrative Expense Adjustment	(0.01)	(0.01)	0.01	0.00	0.26	(0.65)	0.27
Total Administrative Expenses	15.81	15.26	15.67	15.44	17.27	17.68	16.21
TOTAL EXPENSES	225.94	326.07	323.94	333.53	334.45	317.26	340.28
OPERATING INCOME (LOSS) BEFORE TAX	44.10	39.25	45.04	40.06	41.27	51.89	39.89
MCO TAX	34.00	33.85	33.58	33.44	33.31	33.19	32.50
OPERATING INCOME (LOSS) NET OF TAX	10.10	5.40	11.46	6.62	7.96	18.70	7.39
TOTAL NONOPERATING REVENUE (EXPENSE)	(2.87)	(3.25)	(8.28)	(3.47)	(5.11)	(0.59)	(1.73)
NET INCREASE (DECREASE) IN NET POSITION	7.24	2.15	3.19	3.15	2.85	18.11	5.67
MEDICAL LOSS RATIO	90.9%	92.7%	90.7%	92.6%	91.5%	87.4%	92.3%
ADMINISTRATIVE EXPENSE RATIO	5.7%	5.6%	5.6%	5.5%	6.1%	6.4%	5.8%

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF REVENUES - ALL COA
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			REVENUES			
			Title XIX - Medicaid - Family & Other			
28,389,983	24,947,058	3,442,925	Premium - Medi-Cal	327,568,384	297,485,570	30,082,814
2,687,412	2,520,887	166,525	Premium - Maternity Kick	29,288,973	30,250,644	(961,671)
26,209	80,114	(53,905)	Premium - Hep C Kick	424,416	951,879	(527,463)
587,327	495,204	92,123	Premium - BHT Kick	7,473,393	5,883,769	1,589,624
173,742	179,114	(5,372)	Premium - Health Home Kick	2,070,635	2,128,141	(57,506)
3,775,178	3,516,948	258,230	Premium - Provider Enhancement	43,887,956	41,870,041	2,017,915
190,775	170,477	20,298	Premium - Ground Emergency Medical Transportation	2,206,831	2,032,954	173,877
153,414	278,442	(125,028)	Premium - Behavorial Health Integration Program	4,547,073	3,308,308	1,238,765
799,573	-	799,573	Premium - Vaccine Incentive	3,255,754	-	3,255,754
115,584	91,946	23,638	Other	1,318,645	1,102,012	216,633
36,899,197	32,280,191	4,619,006	Total Title XIX - Medicaid - Family & Other	422,042,060	385,013,319	37,028,741
			Title XIX - Medicaid - Expansion Members			
27,371,841	24,002,303	3,369,538	Premium - Medi-Cal	316,397,040	288,027,636	28,369,404
184,622	214,253	(29,631)	Premium - Maternity Kick	4,314,957	2,571,036	1,743,921
100,468	202,017	(101,549)	Premium - Hep C Kick	2,136,059	2,424,203	(288,144)
12,393	-	12,393	Premium - BHT Kick	12,393	-	12,393
280,742	356,121	(75,379)	Premium - Health Home Kick	3,553,679	4,273,452	(719,773)
1,608,281	1,455,050	153,231	Premium - Provider Enhancement	18,582,236	17,460,600	1,121,636
193,093	165,235	27,858	Premium - Ground Emergency Medical Transportation	2,231,068	1,982,820	248,248
59,631	102,122	(42,491)	Premium - Behavorial Health Integration Program	1,717,722	1,225,464	492,258
398,130	-	398,130	Premium - Vaccine Incentive	1,354,213	-	1,354,213
32,519	26,600	5,919	Other	376,024	319,200	56,824
30,241,720	26,523,701	3,718,019	Total Title XIX - Medicaid - Expansion Members	350,675,391	318,284,411	32,390,980
			Title XIX - Medicaid - SPD Members			
14,614,055	13,474,791	1,139,264	Premium - Medi-Cal	172,051,916	161,697,488	10,354,428
52,418	100,288	(47,870)	Premium - Hep C Kick	663,969	1,203,453	(539,484)
881,115	763,566	117,549	Premium - BHT Kick	7,439,547	9,162,790	(1,723,243)
268,884	351,842	(82,958)	Premium - Health Home Kick	3,040,480	4,222,104	(1,181,624)
474,932	454,632	20,300	Premium - Provider Enhancement	5,591,398	5,455,584	135,814
137,510	127,475	10,035	Premium - Ground Emergency Medical Transportation	1,618,904	1,529,700	89,204
12,003	22,041	(10,038)	Premium - Behavorial Health Integration Program	380,994	264,492	116,502
65,596	-	65,596	Premium - Vaccine Incentive	258,724	-	258,724
16,506,513	15,294,634	1,211,879	Total Title XIX - Medicaid - SPD Members	191,045,932	183,535,611	7,510,321

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
2,944,383	3,091,022	146,639	Primary Care Physician Services	41,047,521	36,817,849	(4,229,672)
13,014,908	10,633,649	(2,381,259)	Referral Specialty Services	133,587,903	126,966,103	(6,621,800)
2,004,339	1,513,694	(490,645)	Urgent Care & After Hours Advise	19,331,419	18,017,610	(1,313,809)
9,300	9,300	-	Hospital Admitting Team	109,500	109,500	-
17,972,930	15,247,665	(2,725,265)	TOTAL PHYSICIAN SERVICES	194,076,343	181,911,062	(12,165,281)
			OTHER PROFESSIONAL SERVICES			
297,058	297,647	589	Vision Service Capitation	3,577,306	3,543,605	(33,701)
1,731,392	1,740,737	9,345	Medical Departments - UM Allocation *	19,887,680	20,888,842	1,001,162
1,154,873	1,259,800	104,927	Behavior Health Treatment	14,517,356	15,049,646	532,290
11,372	190,406	179,034	Mental Health Services	1,501,766	2,274,888	773,122
1,149,381	1,253,655	104,274	Other Professional Services	16,893,149	14,977,912	(1,915,237)
4,344,076	4,742,244	398,168	TOTAL OTHER PROFESSIONAL SERVICES	56,377,257	56,734,893	357,636
4,391,622	5,608,516	1,216,894	EMERGENCY ROOM	54,752,776	66,844,872	12,092,096
17,137,562	15,477,331	(1,660,231)	INPATIENT HOSPITAL	239,518,145	184,923,062	(54,595,083)
86,147	80,793	(5,354)	REINSURANCE EXPENSE PREMIUM	1,000,259	961,855	(38,404)
6,083,159	7,020,827	937,668	OUTPATIENT HOSPITAL SERVICES	91,571,151	83,900,377	(7,670,774)
			OTHER MEDICAL			
1,326,302	1,560,898	234,596	Ambulance and NEMT	15,783,197	18,616,312	2,833,115
446,082	427,654	(18,428)	Home Health Services & CBAS	8,215,535	5,110,470	(3,105,065)
(5,375)	491,325	496,700	Utilization and Quality Review Expenses	4,516,858	5,895,900	1,379,042
1,939,893	1,303,823	(636,070)	Long Term/SNF/Hospice	17,044,813	15,609,449	(1,435,364)
296,945	396,667	99,722	Health Home Capitation & Incentive	3,391,902	4,739,154	1,347,252
5,576,243	5,169,523	(406,720)	Provider Enhancement Expense - Prop. 56	64,785,729	61,564,257	(3,221,472)
429,484	463,187	33,703	Provider Enhancement Expense - GEMT	5,523,253	5,545,474	22,221
-	-	-	Provider COVID-19 Expenes	2,125,900	-	(2,125,900)
1,267,732	-	(1,267,732)	Vaccine Incentive Program Expense	3,585,718	-	(3,585,718)
225,048	403,184	178,136	Behaviorial Health Integration Program	6,445,789	4,800,000	(1,645,789)
11,502,354	10,216,261	(1,286,093)	TOTAL OTHER MEDICAL	131,418,694	121,881,016	(9,537,678)
			PHARMACY SERVICES			
9,904,513	9,410,400	(494,113)	RX - Drugs & OTC	107,035,326	112,528,800	5,493,474
171,975	382,586	210,611	RX - HEP-C	3,138,427	4,580,034	1,441,607
876,853	773,087	(103,766)	Rx - DME	10,104,061	9,243,891	(860,170)
(333,163)	(33,449)	299,714	RX - Pharmacy Rebates	(1,584,754)	(400,000)	1,184,754
10,620,178	10,532,624	(87,554)	TOTAL PHARMACY SERVICES	118,693,060	125,952,725	7,259,665
1,420,000	529,331	(890,670)	PAY FOR PERFORMANCE QUALITY INCENTIVE	5,737,262	6,301,806	564,544
16,836,470	14,119,144	(2,717,326)	HOSPITAL DIRECTED PAYMENTS	194,556,399	168,615,703	(25,940,696)
(3,586)	-	3,586	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	48,161,437	-	(48,161,437)
(44,256)	-	44,256	NON-CLAIMS EXPENSE ADJUSTMENT	943,415	-	(943,415)
(1,022,824)	-	1,022,824	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(2,260,200)	-	2,260,200
89,323,832	83,574,735	(5,749,097)	Total Medical Costs	1,134,545,998	998,027,372	(136,518,626)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
9.88	11.10	1.22	Primary Care Physician Services	11.83	11.10	(0.73)
43.65	38.17	(5.48)	Referral Specialty Services	38.52	38.28	(0.24)
6.72	5.43	(1.29)	Urgent Care & After Hours Advise	5.57	5.43	(0.14)
0.03	0.03	0.00	Hospital Admitting Team	0.03	0.03	0.00
60.28	54.73	(5.55)	TOTAL PHYSICIAN SERVICES	55.96	54.85	(1.11)
			OTHER PROFESSIONAL SERVICES			
1.00	1.07	0.07	Vision Service Capitation	1.03	1.07	0.04
5.81	6.25	0.44	Medical Departments - UM Allocation *	5.73	6.30	0.56
3.87	4.52	0.65	Behavior Health Treatment	4.19	4.54	0.35
0.04	0.68	0.65	Mental Health Services	0.43	0.69	0.25
3.85	4.50	0.64	Other Professional Services	4.87	4.52	(0.35)
14.57	17.02	2.45	TOTAL OTHER PROFESSIONAL SERVICES	16.25	17.11	0.85
14.73	20.13	5.40	EMERGENCY ROOM	15.79	20.15	4.37
57.48	55.55	(1.92)	INPATIENT HOSPITAL	69.06	55.75	(13.30)
0.29	0.29	0.00	REINSURANCE EXPENSE PREMIUM	0.29	0.29	0.00
20.40	25.20	4.80	OUTPATIENT HOSPITAL SERVICES	26.40	25.30	(1.11)
			OTHER MEDICAL			
4.45	5.60	1.15	Ambulance and NEMT	4.55	5.61	1.06
1.50	1.54	0.04	Home Health Services & CBAS	2.37	1.54	(0.83)
(0.02)	1.76	1.78	Utilization and Quality Review Expenses	1.30	1.78	0.48
6.51	4.68	(1.83)	Long Term/SNF/Hospice	4.91	4.71	(0.21)
1.00	1.42	0.43	Health Home Capitation & Incentive	0.98	1.43	0.45
18.70	18.56	(0.15)	Provider Enhancement Expense - Prop. 56	18.68	18.56	(0.12)
1.44	1.66	0.22	Provider Enhancement Expense - GEMT	1.59	1.67	0.08
0.00	0.00	0.00	Provider COVID-19 Expenes	0.61	0.00	(0.61)
4.25	0.00	(4.25)	Vaccine Incentive Program Expense	1.03	0.00	(1.03)
0.75	1.45	0.69	Behaviorial Health Integration Program	1.86	1.45	(0.41)
38.58	36.67	(1.91)	TOTAL OTHER MEDICAL	37.89	36.75	(1.14)
			PHARMACY SERVICES			
33.22	33.78	0.56	RX - Drugs & OTC	30.86	33.93	3.07
0.58	1.37	0.80	RX - HEP-C	0.90	1.38	0.48
2.94	2.77	(0.17)	Rx - DME	2.91	2.79	(0.13)
(1.12)	(0.12)	1.00	RX - Pharmacy Rebates	(0.46)	(0.12)	0.34
35.62	37.81	2.19	TOTAL PHARMACY SERVICES	34.22	37.97	3.75
4.76	1.90	(2.86)	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.65	1.90	0.25
56.47	50.68	(5.79)	HOSPITAL DIRECTED PAYMENTS	56.09	50.84	(5.26)
(0.01)	0.00	0.01	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	13.89	0.00	(13.89)
(0.15)	0.00	0.15	NON-CLAIMS EXPENSE ADJUSTMENT	0.27	0.00	(0.27)
(3.43)	0.00	3.43	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(0.65)	0.00	0.65
299.59	299.99	0.40	Total Medical Costs	327.11	300.91	(26.20)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2021	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021
PHYSICIAN SERVICES						
Primary Care Physician Services	2,962,264	2,963,060	3,567,494	3,563,867	3,699,457	3,720,742
Referral Specialty Services	10,512,215	10,171,851	9,997,168	11,114,617	11,103,264	11,178,950
Urgent Care & After Hours Advise	1,423,381	1,588,229	1,484,832	954,611	932,687	1,282,025
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000
TOTAL PHYSICIAN SERVICES	14,907,160	14,731,540	15,058,794	15,642,095	15,744,708	16,190,717
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	294,054	292,442	292,443	289,005	305,213	298,817
Medical Departments - UM Allocation *	1,593,546	1,548,498	1,654,203	1,591,328	1,632,091	1,626,889
Behavior Health Treatment	867,517	947,944	1,407,309	1,506,149	1,204,226	1,186,572
Mental Health Services	292,517	181,749	96,618	153,559	43,140	72,194
Other Professional Services	1,373,918	1,913,308	1,598,054	1,567,152	1,473,713	1,275,979
TOTAL OTHER PROFESSIONAL SERVICES	4,421,552	4,883,941	5,048,627	5,107,193	4,658,383	4,460,451
EMERGENCY ROOM	4,676,327	4,420,437	4,353,449	4,480,205	5,023,372	5,040,670
INPATIENT HOSPITAL	19,853,180	19,321,533	17,577,565	18,419,878	20,578,157	20,739,625
REINSURANCE EXPENSE PREMIUM	81,215	80,770	80,461	80,129	84,297	82,530
OUTPATIENT HOSPITAL SERVICES	7,108,674	6,610,422	7,160,111	8,681,740	8,842,725	8,800,023
OTHER MEDICAL						
Ambulance and NEMT	1,400,971	1,208,039	1,444,178	1,338,929	1,314,492	1,189,224
Home Health Services & CBAS	490,933	582,371	853,147	657,817	707,296	964,318
Utilization and Quality Review Expenses	228,696	372,499	688,633	430,683	359,626	509,705
Long Term/SNF/Hospice	1,616,577	1,132,832	1,933,711	1,041,624	1,114,812	1,301,188
Health Home Capitation & Incentive	211,140	294,005	334,675	299,855	228,752	341,280
Provider Enhancement Expense - Prop. 56	5,190,164	5,226,990	5,265,692	5,318,961	5,342,952	5,386,833
Provider Enhancement Expense - GEMT	456,380	456,381	265,311	423,904	494,669	527,330
Provider COVID-19 Expenes	674,580	767,440	683,880	-	-	-
Vaccine Incentive Program Expense	-	-	-	-	-	-
Behaviorial Health Integration Program	371,672	371,672	371,672	371,672	1,398,038	2,210,773
TOTAL OTHER MEDICAL	10,641,113	10,412,229	11,840,899	9,883,445	10,960,637	12,430,651
PHARMACY SERVICES						
RX - Drugs & OTC	8,174,252	8,080,594	9,316,542	8,462,224	8,518,642	9,049,899
RX - HEP-C	245,144	264,815	249,449	260,020	290,418	365,687
Rx - DME	815,963	839,212	868,236	825,453	690,067	1,035,049
RX - Pharmacy Rebates	(135,000)	(135,000)	(135,000)	(135,000)	(149,643)	(7,947)
TOTAL PHARMACY SERVICES	9,100,359	9,049,621	10,299,227	9,412,697	9,349,484	10,442,688
PAY FOR PERFORMANCE QUALITY INCENTIVE	529,182	529,183	526,070	540,715	540,715	545,673
HOSPITAL DIRECTED PAYMENTS	15,121,903	15,230,282	12,949,303	14,734,613	14,811,759	22,138,233
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	39,990	21,878	77,356,953	3,134	597	3,943
NON-CLAIMS EXPENSE ADJUSTMENT	287,063	233,372	212,564	71,855	58,763	46,953
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	4,787	858,658	1,700,070	(85,946)	449,838	(2,226,487)
Total Medical Costs	86,772,505	86,383,866	164,164,093	86,971,753	91,103,435	98,695,670

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	YEAR TO DATE 2021
PHYSICIAN SERVICES							
Primary Care Physician Services	3,239,377	3,824,662	3,847,107	2,864,591	3,850,517	2,944,383	41,047,521
Referral Specialty Services	10,801,894	10,559,258	11,970,037	12,050,898	11,112,843	13,014,908	133,587,903
Urgent Care & After Hours Advise	1,254,796	1,426,250	2,069,391	2,624,269	2,286,609	2,004,339	19,331,419
Hospital Admitting Team	9,300	9,300	9,000	9,300	9,000	9,300	109,500
TOTAL PHYSICIAN SERVICES	15,305,367	15,819,470	17,895,535	17,549,058	17,258,969	17,972,930	194,076,343
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	304,301	307,745	305,529	293,626	297,073	297,058	3,577,306
Medical Departments - UM Allocation *	1,665,834	1,672,683	1,872,595	1,625,615	1,673,006	1,731,392	19,887,680
Behavior Health Treatment	1,269,876	1,426,863	1,080,856	1,287,709	1,177,462	1,154,873	14,517,356
Mental Health Services	95,878	114,350	92,882	144,341	203,166	11,372	1,501,766
Other Professional Services	1,268,554	1,303,771	995,897	1,494,714	1,478,708	1,149,381	16,893,149
TOTAL OTHER PROFESSIONAL SERVICES	4,604,443	4,825,412	4,347,759	4,846,005	4,829,415	4,344,076	56,377,257
EMERGENCY ROOM	4,833,831	4,472,304	3,735,609	4,506,067	4,818,883	4,391,622	54,752,776
INPATIENT HOSPITAL	20,542,490	20,581,248	20,303,427	23,207,054	21,256,426	17,137,562	239,518,145
REINSURANCE EXPENSE PREMIUM	84,045	84,997	84,384	85,133	86,151	86,147	1,000,259
OUTPATIENT HOSPITAL SERVICES	7,937,455	7,942,981	7,529,697	7,080,379	7,793,785	6,083,159	91,571,151
OTHER MEDICAL							
Ambulance and NEMT	1,328,439	1,323,146	1,451,342	1,175,141	1,282,994	1,326,302	15,783,197
Home Health Services & CBAS	749,534	599,655	595,101	788,457	780,824	446,082	8,215,535
Utilization and Quality Review Expenses	373,641	230,711	404,807	585,896	337,336	(5,375)	4,516,858
Long Term/SNF/Hospice	1,204,596	1,258,956	1,619,759	1,708,929	1,171,936	1,939,893	17,044,813
Health Home Capitation & Incentive	162,780	267,430	263,420	256,195	435,425	296,945	3,391,902
Provider Enhancement Expense - Prop. 56	5,433,266	5,440,313	5,498,898	5,550,393	5,555,024	5,576,243	64,785,729
Provider Enhancement Expense - GEMT	449,942	569,010	514,078	494,068	442,696	429,484	5,523,253
Provider COVID-19 Expenes	-	-	-	-	-	-	2,125,900
Vaccine Incentive Program Expense	-	-	-	-	2,317,986	1,267,732	3,585,718
Behaviorial Health Integration Program	225,049	225,048	225,049	225,048	225,048	225,048	6,445,789
TOTAL OTHER MEDICAL	9,927,247	9,914,269	10,572,454	10,784,127	12,549,269	11,502,354	131,418,694
PHARMACY SERVICES							
RX - Drugs & OTC	8,878,267	9,311,107	8,903,588	9,249,348	9,186,350	9,904,513	107,035,326
RX - HEP-C	239,266	251,754	258,446	251,056	290,397	171,975	3,138,427
Rx - DME	791,678	870,581	761,862	854,331	874,776	876,853	10,104,061
RX - Pharmacy Rebates	(135,000)	(135,000)	(10,322)	(118,351)	(155,328)	(333,163)	(1,584,754)
TOTAL PHARMACY SERVICES	9,774,211	10,298,442	9,913,574	10,236,384	10,196,195	10,620,178	118,693,060
PAY FOR PERFORMANCE QUALITY INCENTIVE	552,862	552,862	-	-	-	1,420,000	5,737,262
HOSPITAL DIRECTED PAYMENTS	16,337,330	16,361,944	16,554,814	16,726,476	16,753,272	16,836,470	194,556,399
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(29,149,382)	7,365	(132,637)	4,491	8,691	(3,586)	48,161,437
NON-CLAIMS EXPENSE ADJUSTMENT	(11,833)	34,433	20,737	8,907	24,857	(44,256)	943,415
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	406,066	(55,915)	14,595	(924,120)	(1,378,922)	(1,022,824)	(2,260,200)
Total Medical Costs	61,144,132	90,839,812	90,839,948	94,109,961	94,196,991	89,323,832	1,134,545,998

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2021	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021
PHYSICIAN SERVICES						
Primary Care Physician Services	10.64	10.70	12.61	12.52	12.88	12.86
Referral Specialty Services	37.74	36.74	35.33	39.06	38.66	38.64
Urgent Care & After Hours Advise	5.11	5.74	5.25	3.35	3.25	4.43
Hospital Admitting Team	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	53.52	53.21	53.22	54.96	54.82	55.96
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	1.06	1.06	1.03	1.02	1.06	1.03
Medical Departments - UM Allocation *	5.72	5.59	5.85	5.59	5.68	5.62
Behavior Health Treatment	3.11	3.42	4.97	5.29	4.19	4.10
Mental Health Services	1.05	0.66	0.34	0.54	0.15	0.25
Other Professional Services	4.93	6.91	5.65	5.51	5.13	4.41
TOTAL OTHER PROFESSIONAL SERVICES	15.88	17.64	17.84	17.95	16.22	15.42
EMERGENCY ROOM	16.79	15.97	15.38	15.74	17.49	17.42
INPATIENT HOSPITAL	71.28	69.78	62.12	64.72	71.65	71.69
REINSURANCE EXPENSE PREMIUM	0.29	0.29	0.28	0.28	0.29	0.29
OUTPATIENT HOSPITAL SERVICES	25.52	23.87	25.30	30.51	30.79	30.42
OTHER MEDICAL						
Ambulance and NEMT	5.03	4.36	5.10	4.70	4.58	4.11
Home Health Services & CBAS	1.76	2.10	3.01	2.31	2.46	3.33
Utilization and Quality Review Expenses	0.82	1.35	2.43	1.51	1.25	1.76
Long Term/SNF/Hospice	5.80	4.09	6.83	3.66	3.88	4.50
Health Home Capitation & Incentive	0.76	1.06	1.18	1.05	0.80	1.18
Provider Enhancement Expense - Prop. 56	18.63	18.88	18.61	18.69	18.60	18.62
Provider Enhancement Expense - GEMT	1.64	1.65	0.94	1.49	1.72	1.82
Provider COVID-19 Expenes	2.42	2.77	2.42	0.00	0.00	0.00
Vaccine Incentive Program Expense	0.00	0.00	0.00	0.00	0.00	0.00
Behaviorial Health Integration Program	1.33	1.34	1.31	1.31	4.87	7.64
TOTAL OTHER MEDICAL	38.21	37.61	41.84	34.73	38.16	42.97
PHARMACY SERVICES						
RX - Drugs & OTC	29.35	29.18	32.92	29.74	29.66	31.28
RX - HEP-C	0.88	0.96	0.88	0.91	1.01	1.26
Rx - DME	2.93	3.03	3.07	2.90	2.40	3.58
RX - Pharmacy Rebates	(0.48)	(0.49)	(0.48)	(0.47)	(0.52)	(0.03)
TOTAL PHARMACY SERVICES	32.67	32.68	36.40	33.07	32.55	36.10
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.90	1.91	1.86	1.90	1.88	1.89
HOSPITAL DIRECTED PAYMENTS	54.29	55.01	45.76	51.78	51.57	76.52
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	0.14	0.08	273.37	0.01	0.00	0.01
NON-CLAIMS EXPENSE ADJUSTMENT	1.03	0.84	0.75	0.25	0.20	0.16
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.02	3.10	6.01	(0.30)	1.57	(7.70)
Total Medical Costs	311.55	311.99	580.14	305.61	317.21	341.14

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	YEAR TO DATE 2021
PHYSICIAN SERVICES							
Primary Care Physician Services	11.13	13.09	13.06	9.68	12.97	9.88	11.83
Referral Specialty Services	37.12	36.13	40.62	40.73	37.42	43.65	38.52
Urgent Care & After Hours Advise	4.31	4.88	7.02	8.87	7.70	6.72	5.57
Hospital Admitting Team	0.03	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	52.60	54.13	60.73	59.31	58.11	60.28	55.96
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	1.05	1.05	1.04	0.99	1.00	1.00	1.03
Medical Departments - UM Allocation *	5.72	5.72	6.35	5.49	5.63	5.81	5.73
Behavior Health Treatment	4.36	4.88	3.67	4.35	3.96	3.87	4.19
Mental Health Services	0.33	0.39	0.32	0.49	0.68	0.04	0.43
Other Professional Services	4.36	4.46	3.38	5.05	4.98	3.85	4.87
TOTAL OTHER PROFESSIONAL SERVICES	15.82	16.51	14.75	16.38	16.26	14.57	16.25
EMERGENCY ROOM	16.61	15.30	12.68	15.23	16.23	14.73	15.79
INPATIENT HOSPITAL	70.60	70.42	68.90	78.44	71.57	57.48	69.06
REINSURANCE EXPENSE PREMIUM	0.29	0.29	0.29	0.29	0.29	0.29	0.29
OUTPATIENT HOSPITAL SERVICES	27.28	27.18	25.55	23.93	26.24	20.40	26.40
OTHER MEDICAL							
Ambulance and NEMT	4.57	4.53	4.93	3.97	4.32	4.45	4.55
Home Health Services & CBAS	2.58	2.05	2.02	2.66	2.63	1.50	2.37
Utilization and Quality Review Expenses	1.28	0.79	1.37	1.98	1.14	(0.02)	1.30
Long Term/SNF/Hospice	4.14	4.31	5.50	5.78	3.95	6.51	4.91
Health Home Capitation & Incentive	0.56	0.92	0.89	0.87	1.47	1.00	0.98
Provider Enhancement Expense - Prop. 56	18.67	18.61	18.66	18.76	18.70	18.70	18.68
Provider Enhancement Expense - GEMT	1.55	1.95	1.74	1.67	1.49	1.44	1.59
Provider COVID-19 Expenes	0.00	0.00	0.00	0.00	0.00	0.00	0.61
Vaccine Incentive Program Expense	0.00	0.00	0.00	0.00	7.80	4.25	1.03
Behaviorial Health Integration Program	0.77	0.77	0.76	0.76	0.76	0.75	1.86
TOTAL OTHER MEDICAL	34.12	33.92	35.88	36.45	42.25	38.58	37.89
PHARMACY SERVICES							
RX - Drugs & OTC	30.51	31.86	30.22	31.26	30.93	33.22	30.86
RX - HEP-C	0.82	0.86	0.88	0.85	0.98	0.58	0.90
Rx - DME	2.72	2.98	2.59	2.89	2.95	2.94	2.91
RX - Pharmacy Rebates	(0.46)	(0.46)	(0.04)	(0.40)	(0.52)	(1.12)	(0.46)
TOTAL PHARMACY SERVICES	33.59	35.24	33.64	34.60	34.33	35.62	34.22
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.90	1.89	0.00	0.00	0.00	4.76	1.65
HOSPITAL DIRECTED PAYMENTS	56.15	55.98	56.18	56.53	56.41	56.47	56.09
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(100.18)	0.03	(0.45)	0.02	0.03	(0.01)	13.89
NON-CLAIMS EXPENSE ADJUSTMENT	(0.04)	0.12	0.07	0.03	0.08	(0.15)	0.27
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	1.40	(0.19)	0.05	(3.12)	(4.64)	(3.43)	(0.65)
Total Medical Costs	210.13	310.81	308.27	318.08	317.17	299.59	327.11

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
726,311	377,031	(349,280)	110 - Executive	5,040,348	4,599,374	(440,974)
208,523	212,651	4,128	210 - Accounting	2,360,449	2,551,813	191,364
395,834	362,443	(33,391)	220 - Management Information Systems	4,353,490	4,349,319	(4,171)
11,545	64,468	52,923	221 - Business Intelligence	155,180	773,616	618,436
214,035	281,931	67,896	222 - Enterprise Development	2,882,949	3,383,171	500,222
543,546	448,524	(95,022)	225 - Infrastructure	4,984,527	5,382,284	397,757
602,974	576,323	(26,651)	230 - Claims	6,602,933	6,915,877	312,944
135,668	149,779	14,111	240 - Project Management	1,414,713	1,797,352	382,639
115,305	101,775	(13,530)	310 - Health Services - Utilization Management	1,300,891	1,221,299	(79,592)
23,866	27,902	4,036	311 - Health Services - Quality Improvement	305,563	334,826	29,263
-	55	55	312 - Health Services - Education	59	660	601
162,426	142,146	(20,280)	313- Pharmacy	1,814,248	1,705,749	(108,499)
1,600	6,642	5,042	314 - Health Homes	5,955	79,700	73,745
(2,367)	22,357	24,724	315 - Case Management	207,198	268,281	61,083
35,994	-	(35,994)	316 - Population Health Management	74,975	-	(74,975)
-	29,325	29,325	616 - Disease Management	260,833	351,903	91,070
340,469	323,502	(16,967)	320 - Provider Network Management	3,442,008	3,882,030	440,022
675,395	656,475	(18,920)	330 - Member Services	7,285,020	7,877,703	592,683
890,074	702,275	(187,799)	340 - Corporate Services	7,600,675	8,427,298	826,623
59,519	66,363	6,844	360 - Audit & Investigative Services	673,562	796,355	122,793
94,236	69,250	(24,986)	410 - Advertising Media	709,538	831,000	121,462
65,529	73,950	8,421	420 - Sales/Marketing/Public Relations	714,523	887,396	172,873
164,119	251,455	87,336	510 - Human Resourses	2,739,059	3,017,461	278,402
(194,326)	-	194,326	Administrative Expense Adjustment	(381,565)	-	381,565
5,270,275	4,946,622	(323,653)	Total Administrative Expenses	54,547,131	59,434,466	4,887,335

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2021	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021
110 - Executive	353,943	483,744	293,288	272,219	482,689	358,282
210 - Accounting	203,619	198,129	146,511	287,032	86,601	198,636
220 - Management Information Systems (MIS)	340,212	345,719	394,230	384,019	349,136	376,280
221 - Business Intelligence	-	-	-	12,308	46,180	24,115
222 - Enterprise Development	250,306	269,236	185,800	249,199	261,073	252,105
225 - Infrastructure	365,340	337,172	345,070	407,880	459,371	352,463
230 - Claims	550,124	558,095	460,086	554,302	542,410	526,593
240 - Project Management	99,808	119,159	128,304	121,381	127,251	189,626
310 - Health Services - Utilization Management	103,641	120,732	82,239	113,686	116,283	100,257
311 - Health Services - Quality Improvement	18,870	16,833	21,040	18,597	20,088	27,421
312 - Health Services - Education	-	-	-	59	-	-
313- Pharmacy	141,859	137,379	151,340	147,394	145,687	151,338
314 - Health Homes	-	-	4,225	-	-	-
315 - Case Management	23,536	22,769	24,444	22,612	23,420	22,757
316 - Population Health Management	-	-	-	-	-	-
616 - Disease Management	32,453	29,912	37,220	29,802	29,065	28,513
320 - Provider Network Management	304,995	273,211	231,758	274,082	295,300	262,297
330 - Member Services	567,625	586,939	545,846	622,842	566,155	559,817
340 - Corporate Services	561,450	559,640	535,874	586,682	567,567	540,444
360 - Audit & Investigative Services	68,976	83,366	38,089	60,406	61,212	61,445
410 - Advertising Media	27,368	39,637	81,326	55,258	21,513	152,571
420 - Sales/Marketing/Public Relations	53,401	69,703	46,252	65,999	51,803	57,056
510 - Human Resourses	281,636	228,332	179,367	198,772	203,371	220,199
Total Department Expenses	4,349,162	4,479,707	3,932,309	4,484,531	4,456,175	4,462,215
ADMINISTRATIVE EXPENSE ADJUSTMENT	18,296	(271,318)	57,294	(5,010)	(215)	(63,654)
Total Administrative Expenses	4,367,458	4,208,389	3,989,603	4,479,521	4,455,960	4,398,561

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2021	JULY 2021	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	YEAR TO DATE 2021
110 - Executive	361,179	347,546	484,965	482,602	393,580	726,311	5,040,348
210 - Accounting	202,043	228,799	196,234	213,569	190,753	208,523	2,360,449
220 - Management Information Systems (MIS)	325,601	386,243	328,212	342,882	385,122	395,834	4,353,490
221 - Business Intelligence	14,545	11,545	11,602	11,794	11,546	11,545	155,180
222 - Enterprise Development	253,485	225,132	261,069	244,312	217,197	214,035	2,882,949
225 - Infrastructure	459,826	393,273	374,951	372,602	573,033	543,546	4,984,527
230 - Claims	539,331	558,400	653,741	510,500	546,377	602,974	6,602,933
240 - Project Management	160,413	89,609	93,857	96,574	53,063	135,668	1,414,713
310 - Health Services - Utilization Management	91,643	121,643	111,276	112,888	111,298	115,305	1,300,891
311 - Health Services - Quality Improvement	25,067	5,726	19,122	85,753	23,180	23,866	305,563
312 - Health Services - Education	-	-	-	-	-	-	59
313- Pharmacy	150,515	155,464	155,452	157,190	158,204	162,426	1,814,248
314 - Health Homes	-	-	35	-	95	1,600	5,955
315 - Case Management	25,548	22,605	31,573	(9,699)	-	(2,367)	207,198
316 - Population Health Management	-	-	-	-	38,981	35,994	74,975
616 - Disease Management	30,175	30,230	27,472	(14,009)	-	-	260,833
320 - Provider Network Management	286,715	280,971	294,114	284,682	313,414	340,469	3,442,008
330 - Member Services	624,470	570,700	614,787	628,618	721,826	675,395	7,285,020
340 - Corporate Services	620,533	709,892	514,089	586,016	928,414	890,074	7,600,675
360 - Audit & Investigative Services	68,450	28,549	39,743	61,247	42,560	59,519	673,562
410 - Advertising Media	88,385	11,477	97,203	(10,998)	51,562	94,236	709,538
420 - Sales/Marketing/Public Relations	37,987	55,545	56,141	67,695	87,412	65,529	714,523
510 - Human Resourses	236,479	229,645	247,924	344,386	204,829	164,119	2,739,059
Total Department Expenses	4,602,390	4,462,994	4,613,562	4,568,604	5,052,446	5,464,601	54,928,696
ADMINISTRATIVE EXPENSE ADJUSTMENT	(1,674)	(2,367)	3,540	300	77,569	(194,326)	(381,565)
Total Administrative Expenses	4,600,716	4,460,627	4,617,102	4,568,904	5,130,015	5,270,275	54,547,131

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF DECEMBER 31, 2021

ASSETS	DECEMBER 2021	NOVEMBER 2021	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 1,135,449	$ 1,138,351	(2,902)
Interest Receivable	653	560	93
TOTAL CURRENT ASSETS	$ 1,136,102	$ 1,138,911	$ (2,809)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	$ -	$ -	$ -
NET POSITION:			
Net Position- Beg. of Year	1,138,066	1,138,066	-
Increase (Decrease) in Net Position - Current Year	(1,964)	845	(2,809)
Total Net Position	$ 1,136,102	$ 1,138,911	$ (2,809)
TOTAL LIABILITIES AND NET POSITION	$ 1,136,102	$ 1,138,911	$ (2,809)

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED DECEMBER 31, 2021

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
-	-	-	Members	-	-	-
			REVENUES			
-	-	-	Premium	-	-	-
93	-	93	Interest	3,501	-	3,501
(2,902)	-	(2,902)	Other Investment Income	(5,465)	-	(5,465)
(2,809)	-	(2,809)	TOTAL REVENUES	(1,964)	-	(1,964)
			EXPENSES			
			Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
(2,809)	-	(2,809)	GROSS MARGIN	(1,964)	-	(1,964)
			Administrative			
-	-	-	Management Fee Expense and Other Admin Exp	-	-	-
-	-	-	Total Administrative Expenses	-	-	-
-	-	-	TOTAL EXPENSES	-	-	-
(2,809)	-	(2,809)	OPERATING INCOME (LOSS)	(1,964)	-	(1,964)
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
(2,809)	-	(2,809)	NET INCREASE (DECREASE) IN NET POSITION	(1,964)	-	(1,964)
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	0%	0%	0%

KERN HEALTH SYSTEMS

To: KHS Board of Directors

From: Robert Landis, CFO

Date: April 14, 2022

Re: January 2022 Financial Results

The January results reflect a $3,269,994 Net Increase in Net Position which is a $3,664,626 favorable variance to the budget. Listed below are the major variances for the month:

1) Total Revenues reflect a $6.8 million favorable variance primarily due to:

   A) $3.4 million favorable variance primarily due to higher-than-expected budgeted membership.

   B) $1.1 million favorable variance in revenues earned from DHCS under the KHS Covid-19 Vaccination Incentive Program by meeting key performance measurements designed to improve the vaccination rate with our members. Under this Program, KHS has offered incentives to Providers to perform significantly expanded outreach to KHS Members that are based on achieving specified outcomes. Additionally, there are Member Incentives (not to exceed $50 per member) for our Members that get vaccinated. This amount is offset against amounts included in 2B below.

   C) $.8 million favorable variance in Premium-Hospital Directed Payments primarily due to higher-than-expected membership offset against amounts included in 2C below.

   D) $1.0 million favorable variance in Rate/Income Adjustments primarily due to retroactive revenue received for the prior year.

2) Total Medical Costs reflect a $3.5 million unfavorable variance primarily due to:

   A) $1.0 million unfavorable variance in Inpatient primarily due to higher-than-expected SPD utilization.

   B) $1.8 million unfavorable variance in Other Medical primarily due to Vaccine Incentive Program expenses earned by our Providers along with Incentives earned by our members offset against amounts included in 1B above.

   C) $.8 million unfavorable variance in Hospital Directed Payments primarily due to higher-than-expected Membership offset against amounts included in 1C above.

The January Medical Loss Ratio is 89.4% which is favorable to the 92.8% budgeted amount. The January Administrative Expense Ratio is 6.1% which is favorable to the 7.2% budgeted amount.

Kern Health Systems
Financial Packet
January 2022

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 17

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF NET POSITION
AS OF JANUARY 31, 2022

ASSETS	JANUARY 2022	DECEMBER 2021	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 98,780,766	$ 90,149,534	$ 8,631,232
Short-Term Investments	228,854,533	196,054,623	32,799,910
Premiums Receivable - Net	111,527,905	113,480,033	(1,952,128)
Premiums Receivable - Hospital Direct Payments	336,264,490	318,427,442	17,837,048
Interest Receivable	89,670	42,610	47,060
Provider Advance Payment	4,950,536	5,068,733	(118,197)
Other Receivables	1,086,651	1,207,718	(121,067)
Prepaid Expenses & Other Current Assets	4,154,943	3,946,946	207,997
Total Current Assets	$ 785,709,494	$ 728,377,639	$ 57,331,855
CAPITAL ASSETS - NET OF ACCUM DEPRE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,649,702	1,697,770	(48,068)
Computer Hardware and Software - Net	20,359,754	20,523,320	(163,566)
Building and Building Improvements - Net	34,552,394	34,628,502	(76,108)
Capital Projects in Progress	4,726,413	4,580,047	146,366
Total Capital Assets	$ 65,378,969	$ 65,520,345	$ (141,376)
LONG TERM ASSETS:			
Restricted Investments	300,000	300,000	-
Net Pension Asset	693,712	693,712	-
Officer Life Insurance Receivables	1,653,011	1,653,011	-
Total Long Term Assets	$ 2,646,723	$ 2,646,723	$ -
DEFERRED OUTFLOWS OF RESOURCES	$ 3,665,821	$ 3,665,821	$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 857,401,007	$ 800,210,528	$ 57,190,479
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accrued Salaries and Employee Benefits	$ 4,347,975	$ 3,818,600	529,375
Accrued Other Operating Expenses	2,493,846	2,277,821	216,025
Accrued Taxes and Licenses	9,745,283	29,533,391	(19,788,108)
Claims Payable (Reported)	37,899,721	22,249,623	15,650,098
IBNR - Inpatient Claims	37,478,070	40,537,660	(3,059,590)
IBNR - Physician Claims	16,944,268	19,511,709	(2,567,441)
IBNR - Accrued Other Medical	20,622,955	22,698,609	(2,075,654)
Risk Pool and Withholds Payable	5,487,879	5,023,866	464,013
Statutory Allowance for Claims Processing Expense	2,389,766	2,389,766	-
Other Liabilities	127,642,116	80,927,397	46,714,719
Accrued Hospital Directed Payments	336,264,490	318,427,442	17,837,048
Total Current Liabilities	$ 601,316,369	$ 547,395,884	$ 53,920,485
NONCURRENT LIABILITIES:			
Net Pension Liability	-	-	-
TOTAL NONCURRENT LIABILITIES	$ -	$ -	$ -
DEFERRED INFLOWS OF RESOURCES	$ 5,338,319	$ 5,338,319	$ -
NET POSITION:			
Net Position - Beg. of Year	247,476,325	227,086,184	20,390,141
Increase (Decrease) in Net Position - Current Year	3,269,994	20,390,141	(17,120,147)
Total Net Position	$ 250,746,319	$ 247,476,325	$ 3,269,994
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 857,401,007	$ 800,210,528	$ 57,190,479

KERN HEALTH SYSTEMS
MEDI-CAL - ALL COA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH MEMBERS				YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
199,931	196,700	3,231	Family Members	199,931	196,700	3,231
83,889	80,030	3,859	Expansion Members	83,889	80,030	3,859
16,556	15,530	1,026	SPD Members	16,556	15,530	1,026
8,966	7,740	1,226	Other Members	8,966	7,740	1,226
12,787	13,000	(213)	Kaiser Members	12,787	13,000	(213)
322,129	313,000	9,129	Total Members - MCAL	322,129	313,000	9,129
			REVENUES			
37,009,614	34,988,138	2,021,476	Title XIX - Medicaid - Family and Other	37,009,614	34,988,138	2,021,476
29,968,453	27,879,423	2,089,030	Title XIX - Medicaid - Expansion Members	29,968,453	27,879,423	2,089,030
14,953,594	14,552,160	401,434	Title XIX - Medicaid - SPD Members	14,953,594	14,552,160	401,434
9,899,314	9,753,823	145,491	Premium - MCO Tax	9,899,314	9,753,823	145,491
17,606,870	16,832,712	774,158	Premium - Hospital Directed Payments	17,606,870	16,832,712	774,158
329,573	80,517	249,056	Investment Earnings And Other Income	329,573	80,517	249,056
-	54,000	(54,000)	Reinsurance Recoveries	-	54,000	(54,000)
230,177	-	230,177	Rate Adjustments - Hospital Directed Payments	230,177	-	230,177
957,475	-	957,475	Rate/Income Adjustments	957,475	-	957,475
110,955,070	104,140,773	6,814,297	TOTAL REVENUES	110,955,070	104,140,773	6,814,297
			EXPENSES			
			Medical Costs:			
17,538,030	16,797,238	(740,792)	Physician Services	17,538,030	16,797,238	(740,792)
5,041,033	5,745,904	704,871	Other Professional Services	5,041,033	5,745,904	704,871
5,209,937	5,465,890	255,953	Emergency Room	5,209,937	5,465,890	255,953
20,610,105	19,636,958	(973,147)	Inpatient	20,610,105	19,636,958	(973,147)
53,660	54,000	340	Reinsurance Expense	53,660	54,000	340
8,214,215	8,348,053	133,838	Outpatient Hospital	8,214,215	8,348,053	133,838
17,263,621	15,451,434	(1,812,187)	Other Medical	17,263,621	15,451,434	(1,812,187)
464,013	450,000	(14,013)	Pay for Performance Quality Incentive	464,013	450,000	(14,013)
17,606,870	16,832,712	(774,158)	Hospital Directed Payments	17,606,870	16,832,712	(774,158)
230,177	-	(230,177)	Hospital Directed Payment Adjustment	230,177	-	(230,177)
43,538	-	(43,538)	Non-Claims Expense Adjustment	43,538	-	(43,538)
627	-	(627)	IBNR, Incentive, Paid Claims Adjustment	627	-	(627)
92,275,826	88,782,189	(3,493,637)	Total Medical Costs	92,275,826	88,782,189	(3,493,637)
18,679,244	15,358,585	3,320,659	GROSS MARGIN	18,679,244	15,358,585	3,320,659
			Administrative:			
3,116,842	3,369,438	252,596	Compensation	3,116,842	3,369,438	252,596
846,917	1,108,544	261,627	Purchased Services	846,917	1,108,544	261,627
191,908	212,108	20,200	Supplies	191,908	212,108	20,200
571,126	526,572	(44,554)	Depreciation	571,126	526,572	(44,554)
389,918	366,066	(23,852)	Other Administrative Expenses	389,918	366,066	(23,852)
(1,904)	-	1,904	Administrative Expense Adjustment	(1,904)	-	1,904
5,114,807	5,582,728	467,921	Total Administrative Expenses	5,114,807	5,582,728	467,921
97,390,633	94,364,917	(3,025,716)	TOTAL EXPENSES	97,390,633	94,364,917	(3,025,716)
13,564,437	9,775,857	3,788,580	OPERATING INCOME (LOSS) BEFORE TAX	13,564,437	9,775,857	3,788,580
9,894,054	9,753,823	(140,231)	MCO TAX	9,894,054	9,753,823	(140,231)
3,670,383	22,034	3,648,349	OPERATING INCOME (LOSS) NET OF TAX	3,670,383	22,034	3,648,349
			NONOPERATING REVENUE (EXPENSE)			
-	-	-	Gain on Sale of Assets	-	-	-
(236,098)	(333,333)	97,235	Provider Grants/CalAIM Initiative Grant	(236,098)	(333,333)	97,235
(164,291)	(83,333)	(80,958)	Health Home	(164,291)	(83,333)	(80,958)
(400,389)	(416,666)	16,277	TOTAL NONOPERATING REVENUE (EXPENSE)	(400,389)	(416,666)	16,277
3,269,994	(394,632)	3,664,626	NET INCREASE (DECREASE) IN NET POSITION	3,269,994	(394,632)	3,664,626
89.4%	92.8%	3.3%	MEDICAL LOSS RATIO	89.4%	92.8%	3.3%
6.1%	7.2%	1.1%	ADMINISTRATIVE EXPENSE RATIO	6.1%	7.2%	1.1%

KERN HEALTH SYSTEMS
MEDI-CAL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
199,931	196,700	3,231	Family Members	199,931	196,700	3,231
83,889	80,030	3,859	Expansion Members	83,889	80,030	3,859
16,556	15,530	1,026	SPD Members	16,556	15,530	1,026
8,966	7,740	1,226	Other Members	8,966	7,740	1,226
12,787	13,000	(213)	Kaiser Members	12,787	13,000	(213)
322,129	313,000	9,129	Total Members - MCAL	322,129	313,000	9,129
			REVENUES			
177.17	171.14	6.03	Title XIX - Medicaid - Family and Other	177.17	171.14	6.03
357.24	348.36	8.88	Title XIX - Medicaid - Expansion Members	357.24	348.36	8.88
903.21	937.04	(33.82)	Title XIX - Medicaid - SPD Members	903.21	937.04	(33.82)
32.00	32.51	(0.51)	Premium - MCO Tax	32.00	32.51	(0.51)
56.92	56.11	0.81	Premium - Hospital Directed Payments	56.92	56.11	0.81
1.07	0.27	0.80	Investment Earnings And Other Income	1.07	0.27	0.80
0.00	0.18	(0.18)	Reinsurance Recoveries	0.00	0.18	(0.18)
0.74	0.00	0.74	Rate Adjustments - Hospital Directed Payments	0.74	0.00	0.74
3.10	0.00	3.10	Rate/Income Adjustments	3.10	0.00	3.10
358.68	347.14	11.54	TOTAL REVENUES	358.68	347.14	11.54
			EXPENSES			
			Medical Costs:			
56.69	55.99	(0.70)	Physician Services	56.69	55.99	(0.70)
16.30	19.15	2.86	Other Professional Services	16.30	19.15	2.86
16.84	18.22	1.38	Emergency Room	16.84	18.22	1.38
66.63	65.46	(1.17)	Inpatient	66.63	65.46	(1.17)
0.17	0.18	0.01	Reinsurance Expense	0.17	0.18	0.01
26.55	27.83	1.27	Outpatient Hospital	26.55	27.83	1.27
55.81	51.50	(4.30)	Other Medical	55.81	51.50	(4.30)
1.50	1.50	0.00	Pay for Performance Quality Incentive	1.50	1.50	0.00
56.92	56.11	(0.81)	Hospital Directed Payments	56.92	56.11	(0.81)
0.74	0.00	(0.74)	Hospital Directed Payment Adjustment	0.74	0.00	(0.74)
0.14	0.00	(0.14)	Non-Claims Expense Adjustment	0.14	0.00	(0.14)
0.00	0.00	(0.00)	IBNR, Incentive, Paid Claims Adjustment	0.00	0.00	(0.00)
298.30	295.94	(2.36)	Total Medical Costs	298.30	295.94	(2.36)
60.38	51.20	9.19	GROSS MARGIN	60.38	51.20	9.19
			Administrative:			
10.08	11.23	1.16	Compensation	10.08	11.23	1.16
2.74	3.70	0.96	Purchased Services	2.74	3.70	0.96
0.62	0.71	0.09	Supplies	0.62	0.71	0.09
1.85	1.76	(0.09)	Depreciation	1.85	1.76	(0.09)
1.26	1.22	(0.04)	Other Administrative Expenses	1.26	1.22	(0.04)
(0.01)	0.00	0.01	Administrative Expense Adjustment	(0.01)	0.00	0.01
16.53	18.61	2.07	Total Administrative Expenses	16.53	18.61	2.07
314.83	314.55	(0.28)	TOTAL EXPENSES	314.83	314.55	(0.28)
43.85	32.59	11.26	OPERATING INCOME (LOSS) BEFORE TAX	43.85	32.59	11.26
31.98	32.51	0.53	MCO TAX	31.98	32.51	0.53
11.87	0.07	11.79	OPERATING INCOME (LOSS) NET OF TAX	11.87	0.07	11.79
			NONOPERATING REVENUE (EXPENSE)			
0.00	0.00	0.00	Gain on Sale of Assets	0.00	0.00	0.00
(0.76)	(1.11)	0.35	Reserve Fund Projects/Community Grants	(0.76)	(1.11)	0.35
(0.53)	(0.28)	(0.25)	Health Home	(0.53)	(0.28)	(0.25)
(1.29)	(1.39)	0.09	TOTAL NONOPERATING REVENUE (EXPENSE)	(1.29)	(1.39)	0.09
10.57	(1.32)	11.89	NET INCREASE (DECREASE) IN NET POSITION	10.57	(1.32)	11.89
89.4%	92.8%	3.3%	MEDICAL LOSS RATIO	89.4%	92.8%	3.3%
6.1%	7.2%	1.1%	ADMINISTRATIVE EXPENSE RATIO	6.1%	7.2%	1.1%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2022	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021
ENROLLMENT							
Members - MCAL	278,517	276,880	282,972	284,587	287,199	289,309	290,980
REVENUES							
Title XIX - Medicaid - Family and Other	33,254,490	33,365,704	33,587,650	33,739,041	34,872,666	35,878,342	35,761,670
Title XIX - Medicaid - Expansion Members	27,548,311	27,720,576	28,063,951	28,547,171	28,728,667	29,533,533	29,676,566
Title XIX - Medicaid - SPD Members	15,326,978	15,368,431	15,407,903	15,527,562	16,024,510	15,971,978	16,260,445
Premium - MCO Tax	9,577,432	9,657,982	9,752,737	9,805,142	9,876,747	9,961,634	10,025,153
Premium - Hospital Directed Payments	15,121,903	15,230,282	12,949,303	14,734,613	14,811,749	22,138,233	16,337,340
Investment Earnings And Other Income	4,303	116,471	(249,580)	205,894	195,233	(408,458)	(39,267)
Rate Adjustments - Hospital Directed Payments	39,990	21,877	78,150,342	3,134	79,899	4,445	(29,149,066)
Rate/Income Adjustments	799,886	594,678	1,527,455	266,498	595,656	(93,658)	(294,637)
TOTAL REVENUES	101,673,293	102,076,001	179,189,761	102,829,055	105,185,127	112,986,049	78,578,204
EXPENSES							
Medical Costs:							
Physician Services	14,907,160	14,731,540	15,058,794	15,642,095	15,744,708	16,190,717	15,305,367
Other Professional Services	4,421,552	4,883,941	5,048,627	5,107,193	4,658,383	4,460,451	4,604,443
Emergency Room	4,676,327	4,420,437	4,353,449	4,480,205	5,023,372	5,040,670	4,833,831
Inpatient	19,853,180	19,321,533	17,577,565	18,419,878	20,578,157	20,739,625	20,542,490
Reinsurance Expense	81,215	80,770	80,461	80,129	84,297	82,530	84,045
Outpatient Hospital	7,108,674	6,610,422	7,160,111	8,681,740	8,842,725	8,800,023	7,937,455
Other Medical	10,641,113	10,412,229	11,840,899	9,883,445	10,960,637	12,430,651	9,927,247
Pharmacy	9,100,359	9,049,621	10,299,227	9,412,697	9,349,484	10,442,688	9,774,211
Pay for Performance Quality Incentive	529,182	529,183	526,070	540,715	540,715	545,673	552,862
Hospital Directed Payments	15,121,903	15,230,282	12,949,303	14,734,613	14,811,759	22,138,233	16,337,330
Hospital Directed Payment Adjustment	39,990	21,878	77,356,953	3,134	597	3,943	(29,149,382)
Non-Claims Expense Adjustment	287,063	233,372	212,564	71,855	58,763	46,953	(11,833)
IBNR, Incentive, Paid Claims Adjustment	4,787	858,658	1,700,070	(85,946)	449,838	(2,226,487)	406,066
Total Medical Costs	86,772,505	86,383,866	164,164,093	86,971,753	91,103,435	98,695,670	61,144,132
GROSS MARGIN	14,900,788	15,692,135	15,025,668	15,857,302	14,081,692	14,290,379	17,434,072
Administrative:							
Compensation	2,772,584	2,908,104	2,457,160	2,691,957	2,748,394	2,731,289	2,805,915
Purchased Services	818,908	824,152	941,200	986,086	996,889	985,876	939,689
Supplies	57,592	57,416	4,446	131,712	57,943	85,576	156,626
Depreciation	422,833	422,834	426,541	426,541	422,382	425,837	425,522
Other Administrative Expenses	277,245	267,201	102,962	248,235	230,567	233,637	274,638
Administrative Expense Adjustment	18,296	(271,318)	57,294	(5,010)	(215)	(63,654)	(1,674)
Total Administrative Expenses	4,367,458	4,208,389	3,989,603	4,479,521	4,455,960	4,398,561	4,600,716
TOTAL EXPENSES	91,139,963	90,592,255	168,153,696	91,451,274	95,559,395	103,094,231	65,744,848
OPERATING INCOME (LOSS) BEFORE TAX	10,533,330	11,483,746	11,036,065	11,377,781	9,625,732	9,891,818	12,833,356
MCO TAX	8,902,943	8,904,649	8,933,228	8,905,080	8,905,142	8,904,648	9,894,054
OPERATING INCOME (LOSS) NET OF TAX	1,630,387	2,579,097	2,102,837	2,472,701	720,590	987,170	2,939,302
TOTAL NONOPERATING REVENUE (EXPENSE)	(137,472)	(151,159)	(88,366)	(167,372)	(245,779)	(164,148)	(833,809)
NET INCREASE (DECREASE) IN NET POSITION	1,492,915	2,427,938	2,014,471	2,305,329	474,811	823,022	2,105,493
MEDICAL LOSS RATIO	93.1%	92.2%	94.3%	92.3%	94.9%	94.6%	90.9%
ADMINISTRATIVE EXPENSE RATIO	5.7%	5.5%	5.1%	5.7%	5.5%	5.4%	5.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2022	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	JANUARY 2022	13 MONTH TOTAL
ENROLLMENT							
Members - MCAL	292,271	294,672	295,865	296,989	298,205	309,342	3,777,788
REVENUES							
Title XIX - Medicaid - Family and Other	34,569,656	35,961,464	37,040,845	37,111,335	36,899,197	37,009,614	459,051,674
Title XIX - Medicaid - Expansion Members	29,540,608	29,932,046	30,140,656	31,001,586	30,241,720	29,968,453	380,643,844
Title XIX - Medicaid - SPD Members	16,115,519	16,075,172	16,206,131	16,254,790	16,506,513	14,953,594	205,999,526
Premium - MCO Tax	10,069,582	10,136,079	10,229,218	10,229,533	10,273,393	9,899,314	129,493,946
Premium - Hospital Directed Payments	16,361,944	16,554,814	16,726,476	16,753,272	16,836,470	17,606,870	212,163,269
Investment Earnings And Other Income	567,469	(59,079)	131,645	157,659	(694,967)	329,573	256,896
Rate Adjustments - Hospital Directed Payments	7,365	5,709	4,491	8,691	(3,586)	230,177	49,403,468
Rate/Income Adjustments	(458,866)	122,473	52,871	66,815	5,625	957,475	4,142,271
TOTAL REVENUES	106,773,277	108,728,678	110,532,333	111,583,681	110,064,365	110,955,070	1,441,154,894
EXPENSES							
Medical Costs:							
Physician Services	15,819,470	17,895,535	17,549,058	17,258,969	17,972,930	17,538,030	211,614,373
Other Professional Services	4,825,412	4,347,759	4,846,005	4,829,415	4,344,076	5,041,033	61,418,290
Emergency Room	4,472,304	3,735,609	4,506,067	4,818,883	4,391,622	5,209,937	59,962,713
Inpatient	20,581,248	20,303,427	23,207,054	21,256,426	17,137,562	20,610,105	260,128,250
Reinsurance Expense	84,997	84,384	85,133	86,151	86,147	53,660	1,053,919
Outpatient Hospital	7,942,981	7,529,697	7,080,379	7,793,785	6,083,159	8,214,215	99,785,366
Other Medical	9,914,269	10,572,454	10,784,127	12,549,269	11,502,354	17,263,621	148,682,315
Pharmacy	10,298,442	9,913,574	10,236,384	10,196,195	10,620,178	-	118,693,060
Pay for Performance Quality Incentive	552,862	-	-	-	1,420,000	464,013	6,201,275
Hospital Directed Payments	16,361,944	16,554,814	16,726,476	16,753,272	16,836,470	17,606,870	212,163,269
Hospital Directed Payment Adjustment	7,365	(132,637)	4,491	8,691	(3,586)	230,177	48,391,614
Non-Claims Expense Adjustment	34,433	20,737	8,907	24,857	(44,256)	43,538	986,953
IBNR, Incentive, Paid Claims Adjustment	(55,915)	14,595	(924,120)	(1,378,922)	(1,022,824)	627	(2,259,573)
Total Medical Costs	90,839,812	90,839,948	94,109,961	94,196,991	89,323,832	92,275,826	1,226,821,824
GROSS MARGIN	15,933,465	17,888,730	16,422,372	17,386,690	20,740,533	18,679,244	214,333,070
Administrative:							
Compensation	2,781,896	2,791,543	2,746,218	2,775,542	2,592,690	3,116,842	35,920,134
Purchased Services	845,393	968,021	991,178	1,095,098	1,355,474	846,917	12,594,881
Supplies	193,504	(17,330)	58,257	188,536	164,659	191,908	1,330,845
Depreciation	427,805	427,804	424,376	716,552	746,072	571,126	6,286,225
Other Administrative Expenses	214,396	443,524	348,575	276,718	605,706	389,918	3,913,322
Administrative Expense Adjustment	(2,367)	3,540	300	77,569	(194,326)	(1,904)	(383,469)
Total Administrative Expenses	4,460,627	4,617,102	4,568,904	5,130,015	5,270,275	5,114,807	59,661,938
TOTAL EXPENSES	95,300,439	95,457,050	98,678,865	99,327,006	94,594,107	97,390,633	1,286,483,762
OPERATING INCOME (LOSS) BEFORE TAX	11,472,838	13,271,628	11,853,468	12,256,675	15,470,258	13,564,437	154,671,132
MCO TAX	9,894,055	9,894,054	9,894,054	9,894,054	9,895,157	9,894,054	122,715,172
OPERATING INCOME (LOSS) NET OF TAX	1,578,783	3,377,574	1,959,414	2,362,621	5,575,101	3,670,383	31,955,960
TOTAL NONOPERATING REVENUE (EXPENSE)	(949,330)	(2,438,918)	(1,027,231)	(1,516,642)	(175,210)	(400,389)	(8,295,825)
NET INCREASE (DECREASE) IN NET POSITION	629,453	938,656	932,183	845,979	5,399,891	3,269,994	23,660,135
MEDICAL LOSS RATIO	92.7%	90.7%	92.6%	91.5%	87.4%	89.4%	92.0%
ADMINISTRATIVE EXPENSE RATIO	5.6%	5.6%	5.5%	6.1%	6.4%	6.1%	5.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2022	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021
ENROLLMENT							
Members - MCAL	278,517	276,880	282,972	284,587	287,199	289,309	290,980
REVENUES							
Title XIX - Medicaid - Family and Other	174.01	177.17	172.94	173.28	177.71	181.55	180.10
Title XIX - Medicaid - Expansion Members	385.83	397.58	382.20	385.72	381.99	388.41	387.35
Title XIX - Medicaid - SPD Members	957.28	816.21	1,005.21	978.42	1,017.24	1,020.90	1,029.14
Premium - MCO Tax	34.39	34.88	34.47	34.45	34.39	34.43	34.45
Premium - Hospital Directed Payments	54.29	55.01	45.76	51.78	51.57	76.52	56.15
Investment Earnings And Other Income	0.02	0.42	(0.88)	0.72	0.68	(1.41)	(0.13)
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	0.14	0.08	276.18	0.01	0.28	0.02	(100.18)
Rate/Income Adjustments	2.87	2.15	5.40	0.94	2.07	(0.32)	(1.01)
TOTAL REVENUES	365.05	368.67	633.24	361.33	366.24	390.54	270.05
EXPENSES							
Medical Costs:							
Physician Services	53.52	53.21	53.22	54.96	54.82	55.96	52.60
Other Professional Services	15.88	17.64	17.84	17.95	16.22	15.42	15.82
Emergency Room	16.79	15.97	15.38	15.74	17.49	17.42	16.61
Inpatient	71.28	69.78	62.12	64.72	71.65	71.69	70.60
Reinsurance Expense	0.29	0.29	0.28	0.28	0.29	0.29	0.29
Outpatient Hospital	25.52	23.87	25.30	30.51	30.79	30.42	27.28
Other Medical	38.21	37.61	41.84	34.73	38.16	42.97	34.12
Pharmacy	32.67	32.68	36.40	33.07	32.55	36.10	33.59
Pay for Performance Quality Incentive	1.90	1.91	1.86	1.90	1.88	1.89	1.90
Hospital Directed Payments	54.29	55.01	45.76	51.78	51.57	76.52	56.15
Hospital Directed Payment Adjustment	0.14	0.08	273.37	0.01	0.00	0.01	(100.18)
Non-Claims Expense Adjustment	1.03	0.84	0.75	0.25	0.20	0.16	(0.04)
IBNR, Incentive, Paid Claims Adjustment	0.02	3.10	6.01	(0.30)	1.57	(7.70)	1.40
Total Medical Costs	311.55	311.99	580.14	305.61	317.21	341.14	210.13
GROSS MARGIN	53.50	56.67	53.10	55.72	49.03	49.39	59.92
Administrative:							
Compensation	9.95	10.50	8.68	9.46	9.57	9.44	9.64
Purchased Services	2.94	2.98	3.33	3.46	3.47	3.41	3.23
Supplies	0.21	0.21	0.02	0.46	0.20	0.30	0.54
Depreciation	1.52	1.53	1.51	1.50	1.47	1.47	1.46
Other Administrative Expenses	1.00	0.97	0.36	0.87	0.80	0.81	0.94
Administrative Expense Adjustment	0.07	(0.98)	0.20	(0.02)	(0.00)	(0.22)	(0.01)
Total Administrative Expenses	15.68	15.20	14.10	15.74	15.52	15.20	15.81
TOTAL EXPENSES	327.23	327.19	594.24	321.35	332.73	356.35	225.94
OPERATING INCOME (LOSS) BEFORE TAX	37.82	41.48	39.00	39.98	33.52	34.19	44.10
MCO TAX	31.97	32.16	31.57	31.29	31.01	30.78	34.00
OPERATING INCOME (LOSS) NET OF TAX	5.85	9.31	7.43	8.69	2.51	3.41	10.10
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.49)	(0.55)	(0.31)	(0.59)	(0.86)	(0.57)	(2.87)
NET INCREASE (DECREASE) IN NET POSITION	5.36	8.77	7.12	8.10	1.65	2.84	7.24
MEDICAL LOSS RATIO	93.1%	92.2%	94.3%	92.3%	94.9%	94.6%	90.9%
ADMINISTRATIVE EXPENSE RATIO	5.7%	5.5%	5.1%	5.7%	5.5%	5.4%	5.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2022	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	JANUARY 2022	13 MONTH TOTAL
ENROLLMENT							
Members - MCAL	292,271	294,672	295,865	296,989	298,205	309,342	3,777,788
REVENUES							
Title XIX - Medicaid - Family and Other	173.76	179.43	183.53	183.31	181.56	177.17	178.14
Title XIX - Medicaid - Expansion Members	380.84	383.93	383.57	393.96	382.19	357.24	383.67
Title XIX - Medicaid - SPD Members	1,023.27	1,017.48	1,018.29	1,026.19	1,042.14	903.21	986.50
Premium - MCO Tax	34.45	34.40	34.57	34.44	34.45	32.00	34.28
Premium - Hospital Directed Payments	55.98	56.18	56.53	56.41	56.46	56.92	56.16
Investment Earnings And Other Income	1.94	(0.20)	0.44	0.53	(2.33)	1.07	0.07
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	0.03	0.02	0.02	0.03	(0.01)	0.74	13.08
Rate/Income Adjustments	(1.57)	0.42	0.18	0.22	0.02	3.10	1.10
TOTAL REVENUES	365.32	368.98	373.59	375.72	369.09	358.68	381.48
EXPENSES							
Medical Costs:							
Physician Services	54.13	60.73	59.31	58.11	60.27	56.69	56.02
Other Professional Services	16.51	14.75	16.38	16.26	14.57	16.30	16.26
Emergency Room	15.30	12.68	15.23	16.23	14.73	16.84	15.87
Inpatient	70.42	68.90	78.44	71.57	57.47	66.63	68.86
Reinsurance Expense	0.29	0.29	0.29	0.29	0.29	0.17	0.28
Outpatient Hospital	27.18	25.55	23.93	26.24	20.40	26.55	26.41
Other Medical	33.92	35.88	36.45	42.25	38.57	55.81	39.36
Pharmacy	35.24	33.64	34.60	34.33	35.61	0.00	31.42
Pay for Performance Quality Incentive	1.89	0.00	0.00	0.00	4.76	1.50	1.64
Hospital Directed Payments	55.98	56.18	56.53	56.41	56.46	56.92	56.16
Hospital Directed Payment Adjustment	0.03	(0.45)	0.02	0.03	(0.01)	0.74	12.81
Non-Claims Expense Adjustment	0.12	0.07	0.03	0.08	(0.15)	0.14	0.26
IBNR, Incentive, Paid Claims Adjustment	(0.19)	0.05	(3.12)	(4.64)	(3.43)	0.00	(0.60)
Total Medical Costs	310.81	308.27	318.08	317.17	299.54	298.30	324.75
GROSS MARGIN	54.52	60.71	55.51	58.54	69.55	60.38	56.74
Administrative:							
Compensation	9.52	9.47	9.28	9.35	8.69	10.08	9.51
Purchased Services	2.89	3.29	3.35	3.69	4.55	2.74	3.33
Supplies	0.66	(0.06)	0.20	0.63	0.55	0.62	0.35
Depreciation	1.46	1.45	1.43	2.41	2.50	1.85	1.66
Other Administrative Expenses	0.73	1.51	1.18	0.93	2.03	1.26	1.04
Administrative Expense Adjustment	(0.01)	0.01	0.00	0.26	(0.65)	(0.01)	(0.10)
Total Administrative Expenses	15.26	15.67	15.44	17.27	17.67	16.53	15.79
TOTAL EXPENSES	326.07	323.94	333.53	334.45	317.21	314.83	340.54
OPERATING INCOME (LOSS) BEFORE TAX	39.25	45.04	40.06	41.27	51.88	43.85	40.94
MCO TAX	33.85	33.58	33.44	33.31	33.18	31.98	32.48
OPERATING INCOME (LOSS) NET OF TAX	5.40	11.46	6.62	7.96	18.70	11.87	8.46
TOTAL NONOPERATING REVENUE (EXPENSE)	(3.25)	(8.28)	(3.47)	(5.11)	(0.59)	(1.29)	(2.20)
NET INCREASE (DECREASE) IN NET POSITION	2.15	3.19	3.15	2.85	18.11	10.57	6.26
MEDICAL LOSS RATIO	92.7%	90.7%	92.6%	91.5%	87.4%	89.4%	92.0%
ADMINISTRATIVE EXPENSE RATIO	5.6%	5.6%	5.5%	6.1%	6.4%	6.1%	5.7%

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF REVENUES - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			REVENUES			
			Title XIX - Medicaid - Family & Other			
26,959,676	26,101,744	857,932	Premium - Medi-Cal	26,959,676	26,101,744	857,932
2,684,567	2,764,572	(80,005)	Premium - Maternity Kick	2,684,567	2,764,572	(80,005)
508,794	459,778	49,016	Premium - Enhanced Care Management	508,794	459,778	49,016
135,729	128,088	7,641	Premium - Major Organ Transplant	135,729	128,088	7,641
511,241	477,897	33,344	Premium - Cal AIM	511,241	477,897	33,344
562,433	737,995	(175,562)	Premium - BHT Kick	562,433	737,995	(175,562)
3,980,825	3,913,184	67,641	Premium - Provider Enhancement	3,980,825	3,913,184	67,641
204,150	198,231	5,919	Premium - Ground Emergency Medical Transportation	204,150	198,231	5,919
556,672	100,453	456,219	Premium - Behavorial Health Integration Program	556,672	100,453	456,219
782,541	-	782,541	Premium - Vaccine Incentive	782,541	-	782,541
122,986	106,194	16,792	Other	122,986	106,194	16,792
37,009,614	34,988,138	2,021,476	Total Title XIX - Medicaid - Family & Other	37,009,614	34,988,138	2,021,476
			Title XIX - Medicaid - Expansion Members			
25,393,257	24,259,609	1,133,648	Premium - Medi-Cal	25,393,257	24,259,609	1,133,648
562,409	234,964	327,445	Premium - Maternity Kick	562,409	234,964	327,445
901,207	812,920	88,287	Premium - Enhanced Care Management	901,207	812,920	88,287
215,731	203,032	12,699	Premium - Major Organ Transplant	215,731	203,032	12,699
483,178	445,751	37,427	Premium - Cal AIM	483,178	445,751	37,427
3,165	-	3,165	Premium - BHT Kick	3,165	-	3,165
1,639,277	1,598,614	40,663	Premium - Provider Enhancement	1,639,277	1,598,614	40,663
212,547	202,396	10,151	Premium - Ground Emergency Medical Transportation	212,547	202,396	10,151
223,549	93,696	129,853	Premium - Behavorial Health Integration Program	223,549	93,696	129,853
301,030	-	301,030	Premium - Vaccine Incentive	301,030	-	301,030
33,103	28,440	4,663	Other	33,103	28,440	4,663
29,968,453	27,879,423	2,089,030	Total Title XIX - Medicaid - Expansion Members	29,968,453	27,879,423	2,089,030
			Title XIX - Medicaid - SPD Members			
12,808,904	12,342,468	466,437	Premium - Medi-Cal	12,808,904	12,342,468	466,437
469,820	444,003	25,817	Premium - Enhanced Care Management	469,820	444,003	25,817
146,293	141,168	5,125	Premium - Major Organ Transplant	146,293	141,168	5,125
245,247	226,755	18,492	Premium - Cal AIM	245,247	226,755	18,492
557,001	749,964	(192,963)	Premium - BHT Kick	557,001	749,964	(192,963)
478,628	461,301	17,327	Premium - Provider Enhancement	478,628	461,301	17,327
143,558	138,838	4,720	Premium - Ground Emergency Medical Transportation	143,558	138,838	4,720
44,119	47,664	(3,545)	Premium - Behavorial Health Integration Program	44,119	47,664	(3,545)
60,024	-	60,024	Premium - Vaccine Incentive	60,024	-	60,024
14,953,594	14,552,160	401,434	Total Title XIX - Medicaid - SPD Members	14,953,594	14,552,160	401,434

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
3,472,901	3,860,867	387,966	Primary Care Physician Services	3,472,901	3,860,867	387,966
11,390,029	11,343,913	(46,116)	Referral Specialty Services	11,390,029	11,343,913	(46,116)
2,665,800	1,583,158	(1,082,642)	Urgent Care & After Hours Advise	2,665,800	1,583,158	(1,082,642)
9,300	9,300	-	Hospital Admitting Team	9,300	9,300	-
17,538,030	16,797,238	(740,792)	TOTAL PHYSICIAN SERVICES	17,538,030	16,797,238	(740,792)
			OTHER PROFESSIONAL SERVICES			
298,113	315,262	17,149	Vision Service Capitation	298,113	315,262	17,149
1,874,290	2,154,062	279,772	Medical Departments - UM Allocation *	1,874,290	2,154,062	279,772
1,143,733	1,487,959	344,226	Behavior Health Treatment	1,143,733	1,487,959	344,226
385,915	149,471	(236,444)	Mental Health Services	385,915	149,471	(236,444)
1,338,982	1,639,150	300,168	Other Professional Services	1,338,982	1,639,150	300,168
5,041,033	5,745,904	704,871	TOTAL OTHER PROFESSIONAL SERVICES	5,041,033	5,745,904	704,871
5,209,937	5,465,890	255,953	EMERGENCY ROOM	5,209,937	5,465,890	255,953
20,610,105	19,636,958	(973,147)	INPATIENT HOSPITAL	20,610,105	19,636,958	(973,147)
53,660	54,000	340	REINSURANCE EXPENSE PREMIUM	53,660	54,000	340
8,214,215	8,348,053	133,838	OUTPATIENT HOSPITAL SERVICES	8,214,215	8,348,053	133,838
			OTHER MEDICAL			
1,321,069	1,571,204	250,135	Ambulance and NEMT	1,321,069	1,571,204	250,135
733,519	677,183	(56,336)	Home Health Services & CBAS	733,519	677,183	(56,336)
767,373	1,106,708	339,335	Utilization and Quality Review Expenses	767,373	1,106,708	339,335
1,585,601	1,415,270	(170,331)	Long Term/SNF/Hospice	1,585,601	1,415,270	(170,331)
5,806,204	5,699,796	(106,408)	Provider Enhancement Expense - Prop. 56	5,806,204	5,699,796	(106,408)
463,070	512,492	49,422	Provider Enhancement Expense - GEMT	463,070	512,492	49,422
1,143,595	-	(1,143,595)	Vaccine Incentive Program Expense	1,143,595	-	(1,143,595)
824,339	241,813	(582,526)	Behaviorial Health Integration Program	824,339	241,813	(582,526)
2,023,406	1,716,700	(306,706)	Enhanced Care Management	2,023,406	1,716,700	(306,706)
472,866	471,404	(1,462)	Major Organ Transplant	472,866	471,404	(1,462)
1,241,196	1,150,404	(90,792)	Cal AIM Incentive Program	1,241,196	1,150,404	(90,792)
881,383	888,459	7,076	DME/Rebates	881,383	888,459	7,076
17,263,621	15,451,434	(1,812,187)	TOTAL OTHER MEDICAL	17,263,621	15,451,434	(1,812,187)
464,013	450,000	(14,013)	PAY FOR PERFORMANCE QUALITY INCENTIVE	464,013	450,000	(14,013)
17,606,870	16,832,712	(774,158)	HOSPITAL DIRECTED PAYMENTS	17,606,870	16,832,712	(774,158)
230,177	-	(230,177)	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	230,177	-	(230,177)
43,538	-	(43,538)	NON-CLAIMS EXPENSE ADJUSTMENT	43,538	-	(43,538)
627	-	(627)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	627	-	(627)
92,275,826	88,782,189	(3,493,637)	Total Medical Costs	92,275,826	88,782,189	(3,493,637)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS
MEDI-CAL
SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
11.23	12.87	1.64	Primary Care Physician Services	11.23	12.87	1.64
36.82	37.81	0.99	Referral Specialty Services	36.82	37.81	0.99
8.62	5.28	(3.34)	Urgent Care & After Hours Advise	8.62	5.28	(3.34)
0.03	0.03	0.00	Hospital Admitting Team	0.03	0.03	0.00
56.69	55.99	(0.70)	TOTAL PHYSICIAN SERVICES	56.69	55.99	(0.70)
			OTHER PROFESSIONAL SERVICES			
0.96	1.05	0.09	Vision Service Capitation	0.96	1.05	0.09
6.06	7.18	1.12	Medical Departments - UM Allocation *	6.06	7.18	1.12
3.70	4.96	1.26	Behavior Health Treatment	3.70	4.96	1.26
1.25	0.50	(0.75)	Mental Health Services	1.25	0.50	(0.75)
4.33	5.46	1.14	Other Professional Services	4.33	5.46	1.14
16.30	19.15	2.86	TOTAL OTHER PROFESSIONAL SERVICES	16.30	19.15	2.86
16.84	18.22	1.38	EMERGENCY ROOM	16.84	18.22	1.38
66.63	65.46	(1.17)	INPATIENT HOSPITAL	66.63	65.46	(1.17)
0.17	0.18	0.01	REINSURANCE EXPENSE PREMIUM	0.17	0.18	0.01
26.55	27.83	1.27	OUTPATIENT HOSPITAL SERVICES	26.55	27.83	1.27
			OTHER MEDICAL			
4.27	5.24	0.97	Ambulance and NEMT	4.27	5.24	0.97
2.37	2.26	(0.11)	Home Health Services & CBAS	2.37	2.26	(0.11)
2.48	3.69	1.21	Utilization and Quality Review Expenses	2.48	3.69	1.21
5.13	4.72	(0.41)	Long Term/SNF/Hospice	5.13	4.72	(0.41)
18.77	19.00	0.23	Provider Enhancement Expense - Prop. 56	18.77	19.00	0.23
1.50	1.71	0.21	Provider Enhancement Expense - GEMT	1.50	1.71	0.21
3.70	0.00	(3.70)	Vaccine Incentive Program Expense	3.70	0.00	(3.70)
2.66	0.81	(1.86)	Behaviorial Health Integration Program	2.66	0.81	(1.86)
6.54	5.72	(0.82)	Enhanced Care Management	6.54	5.72	(0.82)
1.53	1.57	0.04	Major Organ Transplant	1.53	1.57	0.04
4.01	3.83	(0.18)	Cal AIM Incentive Program	4.01	3.83	(0.18)
2.85	2.96	0.11	DME	2.85	2.96	0.11
55.81	51.50	(4.30)	TOTAL OTHER MEDICAL	55.81	51.50	(4.30)
1.50	1.50	0.00	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	0.00
56.92	56.11	(0.81)	HOSPITAL DIRECTED PAYMENTS	56.92	56.11	(0.81)
0.74	0.00	(0.74)	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	0.74	0.00	(0.74)
0.14	0.00	(0.14)	NON-CLAIMS EXPENSE ADJUSTMENT	0.14	0.00	(0.14)
0.00	0.00	(0.00)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.00	0.00	(0.00)
298.30	295.94	(2.36)	Total Medical Costs	298.30	295.94	(2.36)

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JANUARY 31, 2022	JANUARY 2022	YEAR TO DATE 2022
PHYSICIAN SERVICES		
Primary Care Physician Services	3,472,901	3,472,901
Referral Specialty Services	11,390,029	11,390,029
Urgent Care & After Hours Advise	2,665,800	2,665,800
Hospital Admitting Team	9,300	9,300
TOTAL PHYSICIAN SERVICES	17,538,030	17,538,030
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	298,113	298,113
Medical Departments - UM Allocation *	1,874,290	1,874,290
Behavior Health Treatment	1,143,733	1,143,733
Mental Health Services	385,915	385,915
Other Professional Services	1,338,982	1,338,982
TOTAL OTHER PROFESSIONAL SERVICES	5,041,033	5,041,033
EMERGENCY ROOM	5,209,937	5,209,937
INPATIENT HOSPITAL	20,610,105	20,610,105
REINSURANCE EXPENSE PREMIUM	53,660	53,660
OUTPATIENT HOSPITAL SERVICES	8,214,215	8,214,215
OTHER MEDICAL		
Ambulance and NEMT	1,321,069	1,321,069
Home Health Services & CBAS	733,519	733,519
Utilization and Quality Review Expenses	767,373	767,373
Long Term/SNF/Hospice	1,585,601	1,585,601
Provider Enhancement Expense - Prop. 56	5,806,204	5,806,204
Provider Enhancement Expense - GEMT	463,070	463,070
Vaccine Incentive Program Expense	1,143,595	1,143,595
Behaviorial Health Integration Program	824,339	824,339
Enhanced Care Management	2,023,406	2,023,406
Major Organ Transplant	472,866	472,866
Cal AIM Incentive Program	1,241,196	1,241,196
DME	881,383	881,383
TOTAL OTHER MEDICAL	17,263,621	17,263,621
PAY FOR PERFORMANCE QUALITY INCENTIVE	464,013	464,013
HOSPITAL DIRECTED PAYMENTS	17,606,870	17,606,870
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	230,177	230,177
NON-CLAIMS EXPENSE ADJUSTMENT	43,538	43,538
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	627	627
Total Medical Costs	92,275,826	92,275,826

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JANUARY 31, 2022	JANUARY 2022	YEAR TO DATE 2022
PHYSICIAN SERVICES		
Primary Care Physician Services	11.23	11.23
Referral Specialty Services	36.82	36.82
Urgent Care & After Hours Advise	8.62	8.62
Hospital Admitting Team	0.03	0.03
TOTAL PHYSICIAN SERVICES	56.69	56.69
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	0.96	0.96
Medical Departments - UM Allocation *	6.06	6.06
Behavior Health Treatment	3.70	3.70
Mental Health Services	1.25	1.25
Other Professional Services	4.33	4.33
TOTAL OTHER PROFESSIONAL SERVICES	16.30	16.30
EMERGENCY ROOM	16.84	16.84
INPATIENT HOSPITAL	66.63	66.63
REINSURANCE EXPENSE PREMIUM	0.17	0.17
OUTPATIENT HOSPITAL SERVICES	26.55	26.55
OTHER MEDICAL		
Ambulance and NEMT	4.27	4.27
Home Health Services & CBAS	2.37	2.37
Utilization and Quality Review Expenses	2.48	2.48
Long Term/SNF/Hospice	5.13	5.13
Provider Enhancement Expense - Prop. 56	18.77	18.77
Provider Enhancement Expense - GEMT	1.50	1.50
Vaccine Incentive Program Expense	3.70	3.70
Behaviorial Health Integration Program	2.66	2.66
Enhanced Care Management	6.54	6.54
Major Organ Transplant	1.53	1.53
Cal AIM Incentive Program	4.01	4.01
DME	2.85	2.85
TOTAL OTHER MEDICAL	48.95	48.95
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50
HOSPITAL DIRECTED PAYMENTS	56.92	56.92
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	0.74	0.74
NON-CLAIMS EXPENSE ADJUSTMENT	0.14	0.14
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.00	0.00
Total Medical Costs	291.44	291.44

KERN HEALTH SYSTEMS

MEDI-CAL

SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT

FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
424,308	459,798	35,490	110 - Executive	424,308	459,798	35,490
233,241	234,469	1,228	210 - Accounting	233,241	234,469	1,228
335,777	359,967	24,190	220 - Management Information Systems	335,777	359,967	24,190
13,042	54,298	41,256	221 - Business Intelligence	13,042	54,298	41,256
307,654	383,664	76,010	222 - Enterprise Development	307,654	383,664	76,010
473,799	533,193	59,394	225 - Infrastructure	473,799	533,193	59,394
582,040	615,321	33,281	230 - Claims	582,040	615,321	33,281
171,917	187,947	16,030	240 - Project Management	171,917	187,947	16,030
139,536	180,989	41,453	310 - Health Services - Utilization Management	139,536	180,989	41,453
277	14,039	13,762	311 - Health Services - Quality Improvement	277	14,039	13,762
-	513	513	312 - Health Services - Education	-	513	513
39,824	50,828	11,004	313- Pharmacy	39,824	50,828	11,004
3,281	2,308	(973)	314 - Enhanced Care Management	3,281	2,308	(973)
65,121	74,558	9,437	316 -Population Health Management	65,121	74,558	9,437
-	333	333	317 - Community Based Services	-	333	333
327,923	359,942	32,019	320 - Provider Network Management	327,923	359,942	32,019
754,477	871,663	117,186	330 - Member Services	754,477	871,663	117,186
786,930	721,857	(65,073)	340 - Corporate Services	786,930	721,857	(65,073)
69,757	97,177	27,420	360 - Audit & Investigative Services	69,757	97,177	27,420
11,825	92,450	80,625	410 - Advertising Media	11,825	92,450	80,625
66,531	76,696	10,165	420 - Sales/Marketing/Public Relations	66,531	76,696	10,165
309,451	303,042	(6,409)	510 - Human Resourses	309,451	303,042	(6,409)
(1,904)	(92,324)	(90,420)	Administrative Expense Adjustment	(1,904)	(92,324)	(90,420)
5,114,807	5,582,728	467,921	Total Administrative Expenses	5,114,807	5,582,728	467,921

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JANUARY 31, 2022	JANUARY 2022	YEAR TO DATE 2022
110 - Executive	424,308	424,308
210 - Accounting	233,241	233,241
220 - Management Information Systems (MIS)	335,777	335,777
221 - Business Intelligence	13,042	13,042
222 - Enterprise Development	307,654	307,654
225 - Infrastructure	473,799	473,799
230 - Claims	582,040	582,040
240 - Project Management	171,917	171,917
310 - Health Services - Utilization Management	139,536	139,536
311 - Health Services - Quality Improvement	277	277
312 - Health Services - Education	-	-
313- Pharmacy	39,824	39,824
314 - Enhanced Care Management	3,281	3,281
316 -Population Health Management	65,121	65,121
317 - Community Based Services	-	-
320 - Provider Network Management	327,923	327,923
330 - Member Services	754,477	754,477
340 - Corporate Services	786,930	786,930
360 - Audit & Investigative Services	69,757	69,757
410 - Advertising Media	11,825	11,825
420 - Sales/Marketing/Public Relations	66,531	66,531
510 - Human Resourses	309,451	309,451
Total Department Expenses	5,116,711	5,116,711
ADMINISTRATIVE EXPENSE ADJUSTMENT	(1,904)	(1,904)
Total Administrative Expenses	5,114,807	5,114,807

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
BALANCE SHEET STATEMENT
AS OF JANUARY 31, 2022

ASSETS	JANUARY 2022	DECEMBER 2021	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 1,139,004	$ 1,135,449	3,555
Interest Receivable	200	653	(453)
TOTAL CURRENT ASSETS	$ 1,139,204	$ 1,136,102	$ 3,102
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	$ -	$ -	$ -
NET POSITION:			
Net Position- Beg. of Year	1,136,102	1,138,066	(1,964)
Increase (Decrease) in Net Position - Current Year	3,102	(1,964)	5,066
Total Net Position	$ 1,139,204	$ 1,136,102	$ 3,102
TOTAL LIABILITIES AND NET POSITION	$ 1,139,204	$ 1,136,102	$ 3,102

KERN HEALTH SYSTEMS
GROUP HEALTH PLAN - HFAM
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE MONTH ENDED JANUARY 31, 2022

CURRENT MONTH				YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			ENROLLMENT			
-	-	-	Members	-	-	-
			REVENUES			
-	-	-	Premium	-	-	-
200	-	200	Interest	200	-	200
2,902	-	2,902	Other Investment Income	2,902	-	2,902
3,102	-	3,102	TOTAL REVENUES	3,102	-	3,102
			EXPENSES			
			Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
3,102	-	3,102	GROSS MARGIN	3,102	-	3,102
			Administrative			
-	-	-	Management Fee Expense and Other Admin Exp	-	-	-
-	-	-	Total Administrative Expenses	-	-	-
-	-	-	TOTAL EXPENSES	-	-	-
3,102	-	3,102	OPERATING INCOME (LOSS)	3,102	-	3,102
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
3,102	-	3,102	NET INCREASE (DECREASE) IN NET POSITION	3,102	-	3,102
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	0%	0%	0%

KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT

KERN HEALTH SYSTEMS

MEDI-CAL	2022 MEMBER MONTHS	JAN'22	FEB'22	MAR'22	APR'22	MAY'22	JUN'22	JUL'22	AUG'22	SEP'22	OCT'22	NOV'22	DEC'22
ADULT AND FAMILY													
ADULT	***60,708***	60,708											
CHILD	***139,223***	139,223											
SUB-TOTAL ADULT & FAMILY	***199,931***	***199,931***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
OTHER MEMBERS													
PARTIAL DUALS - FAMILY	***824***	824											
PARTIAL DUALS - CHILD	***0***	0											
PARTIAL DUALS - BCCTP	***4***	4											
FULL DUALS (SPD)													
SPD FULL DUALS	***8,138***	8,138											
SUBTOTAL OTHER MEMBERS	***8,966***	***8,966***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
TOTAL FAMILY & OTHER	***208,897***	***208,897***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
SPD													
SPD (AGED AND DISABLED)	***16,556***	16,556											
MEDI-CAL EXPANSION													
ACA Expansion Adult-Citizen	**82,803**	82,803											
ACA Expansion Duals	**1,086**	1,086											
SUB-TOTAL MED-CAL EXPANSION	***83,889***	***83,889***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
TOTAL KAISER	***12,787***	***12,787***											
TOTAL MEDI-CAL MEMBERS	***322,129***	***322,129***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***

KERN·HEALTH SYSTEMS

December AP Vendor Report

Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4982	NGC US, LLC ****	1,221,285.30	2,897,556.17	PREFUND HEALTH EDUCATION MEMBER INCENTIVES	VARIOUS
T3130	OPTUMINSIGHT, INC ****	648,967.00	1,692,143.00	ANNUAL CES FEES - YEAR 5	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	587,414.18	1,053,297.42	NOV. 2021 PROFESSIONAL SERVICES & QNXT MAINTENANCE 2022	VARIOUS
T1045	KAISER FOUNDATION HEALTH - HMO	428,476.90	5,204,907.18	DEC., 2021 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	250,850.46	2,776,572.11	NOV. 2021 PROFESSIONAL SERVICES / CONSULTING SERVICES	VARIOUS
T5111	ENTISYS 360 ****	161,226.77	467,811.71	DISASTER RECOVERY CONTINUITY PROJECT	MIS INFRASTRUCTURE/CAPITAL PROJECT
T4237	FLUIDEDGE CONSULTING, INC.	129,765.00	1,351,968.90	NOV. 2021 CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING-CALAIM EXPANSION	VARIOUS
T2726	DST PHARMACY SOLUTIONS, INC.	125,645.89	1,408,606.45	NOV. 2021 PHARMACY CLAIMS	PHARMACY
T5428	COMPUTER DESIGN & INTEGRATION LLC ****	95,523.47	95,523.47	RUBRIK APPLIANCE & 36 MONTH SUPPORT	MIS INFRASTRUCTURE
T4483	INFUSION AND CLINICAL SERVICES, INC	74,594.25	280,895.02	SEPT. & OCT. 2021 HEALTH HOMES GRANT	COMMUNITY GRANT
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	69,350.46	829,565.99	DEC. 2021 VOLUNTARY LIFE, AD&D, DENTAL INSURANCE	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	63,411.55	623,932.74	NOV. 2021 INTERPRETATION SERVICES	MEMBER SERVICES
T5337	CAZADOR CONSULTING GROUP INC ****	55,200.53	241,371.21	OCT. & NOV. 2021 TEMPORARY HELP - (7) MS (1) UM	VARIOUS

KERN·HEALTH SYSTEMS

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Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1408	DELL MARKETING L.P.	54,017.03	228,356.75	HARDWARE - 50 OPTIPLEZ 5090 MICRO BTX & 4 YR PROSUPPORT	MIS INFRASTRUCTURE
T2562	CACTUS SOFTWARE LLC ****	50,537.87	50,537.87	SOFTWARE LICENSE	MIS INFRASTRUCTURE
T5415	NO SISTER LEFT BEHIND NONPROFIT ORGANIZATION ****	49,950.00	49,950.00	COVID VACCINE INCENTIVE PROGRAM SPONSORSHIP	PROVIDER NETWORK MANAGEMENT
T3446	WITT/KIEFFER INC ****	44,769.00	139,860.19	RECRUITMENT FEES-CEO SEARCH	HUMAN RESOURCES
T5396	NYMI INC ****	44,000.00	87,000.00	CONTRACT TRACING DEVICES	CORPORATE SERVICES
T5420	PAYPRO ADMINISTRATORS ****	43,157.40	43,157.40	FSA EMPLOYEEE BENEFIT - 2022 PLAN DEPOSIT	HUMAN RESOURCES
T4733	UNITED STAFFING ASSOCIATES	42,183.10	232,532.78	NOV. 2021 TEMPORARY HELP - (8) MS; (1) HHP; (1) HE; (1) UM	VARIOUS
T4582	HEALTHX, INC.	41,576.00	506,912.00	DEC. 2021 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS ****	36,914.00	73,113.00	2022 ANNUAL DUES	VARIOUS
T1861	CERIDIAN HCM, INC. ****	32,816.00	233,764.26	OCT., NOV. & DEC. 2021 MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T1128	HALL LETTER SHOP	31,926.49	153,437.79	MEMBER COVID -19 FLYER & MAIL PREP & NEW MEMBER PACKETS	VARIOUS
T4193	STRIA LLC	25,987.68	312,312.63	NOV. 2021 OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS

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Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4657	DAPONDE SIMPSON ROWE PC	25,567.00	177,572.00	OCT. 2021 LEGAL FEES	VARIOUS
T4060	HODEL'S DEVELOPMENT CORPORATION ****	24,069.25	24,069.25	2020 EMPLOYEE AWARDS	MARKETING
T4699	ZEOMEGA	24,000.00	518,237.45	NOV. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T4261	KAISER FOUNDATION HEALTH PLAN - TX PPO	22,397.20	149,460.24	DEC. 2021 EMPLOYEE PPO HEALTH BENEFITS PREMIUM	VARIOUS
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	21,710.00	218,400.00	NOV. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T3011	OFFICE ALLY, INC	20,611.25	230,680.25	NOV. 2021 EDI CLAIM PROCESSING	CLAIMS
T2167	PG&E	20,043.24	269,398.65	DEC. 2021 USAGE / UTILITIES	CORPORATE SERVICES
T5145	CCS ENGINEERING FRESNO INC	18,812.00	203,785.26	DEC. 2021 JANITORIAL & ADDITIONAL DAY PORTER	CORPORATE SERVICES
T4544	BARNES WEALTH MANAGEMENT GROUP ****	18,750.00	25,000.00	CONSULTING- 2021 1ST, 2ND & 3RD QTR.RETIREMENT PLAN	ADMINISTRATION
T5387	NAVIA BENEFITS SOLUTIONS, INC. ****	18,478.69	46,924.96	NOV. & DEC. 2021 FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION	VARIOUS
T2458	HEALTHCARE FINANCIAL, INC	18,000.00	381,000.00	NOV. 2021 PROFESSIONAL SERVICES	ADMINISTRATION
T5333	CENTRAL CALIFORNIA ASTHMA COLLABORATIVE ****	17,253.78	38,643.78	OCT. & NOV. 2021-2021 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4521	PAYSCALE, INC. ****	17,120.00	17,120.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T4460	PAYSPAN, INC	16,870.79	208,492.00	NOV. 2021 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5201	JAC SERVICES, INC. ****	16,442.00	58,236.00	FALL MAINTENANCE - AIR CONDITIONING	CORPORATE SERVICES

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Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4165	SHI INTERNATIONAL CO.	14,661.69	223,246.15	SUPPORT & MAINTENANCE & LICENSE FEES	MIS INFRASTRUCTURE
T4353	TWE SOLUTIONS, INC. ****	14,647.32	111,165.33	SOFTWARE MAINTENANCE	MIS INFRASTRUCTURE
T2941	KERN PRINT SERVICES INC. ****	13,489.14	47,746.89	LETTERHEAD AND ENVELOPES	CORPORATE SERVICES
T5322	MANINDER KHALSA	13,000.00	120,100.50	NOV. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5026	TEL-TEC SECURITY SYSTEMS ****	12,790.00	16,917.75	ANNUAL MONITORING MAINTENANCE	CORPORATE SERVICES
T5209	ADOBE, INC ****	12,000.00	12,000.00	ANNUAL MAINTENANCE - ROBOHELP SERVER & TECHNICAL COMMUNICATION SUITE	MIS INFRASTRUCTURE
T1005	COLONIAL LIFE & ACCIDENT	11,706.66	143,513.99	NOV. 2021 LIFE INSURANCE PREMIUM	VARIOUS
T4182	THE LAMAR COMPANIES	11,065.00	63,190.00	NOV. & DEC. 2021 BILLBOARDS	MARKETING
T3454	DEPARTMENT OF MANAGED HEALTH CARE	10,000.00	10,000.00	ENFORCEMENT # 20-413	ADMINISTRATION
		4,823,031.34			
	TOTAL VENDORS OVER $10,000	4,823,031.34			
	TOTAL VENDORS UNDER $10,000	261,225.33			
	TOTAL VENDOR EXPENSES- DECEMBER	**$ 5,084,256.67**			

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

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Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	5,204,907.18	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T1001	KERN MEDICAL CENTER	3,730,673.49	2019/2020 PROVIDER QUALITY CARE GRANT & 2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4982	NGC US, LLC	2,897,556.17	PREFUND HEALTH EDUCATION MEMBER INCENTIVES	HEALTH EDUCATION
T4350	COMPUTER ENTERPRISE INC.	2,776,572.11	PROFESSIONAL SERVICES / CONSULTING SERVICES	CAPITAL PROJECT
T3130	OPTUMINSIGHT, INC.	1,692,143.00	ANNUAL LICENSED SOFTWARE EASYGROUP & INCREMENTAL LICENSE	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	1,648,909.88	HEALTH CARE MANAGEMENT & SOFTWARE LICENSE 8/5/2021-08/04/2022	UTILIZATION MANAGEMENT
T2726	DST PHARMACY SOLUTIONS, INC.	1,408,606.45	PHARMACY CLAIMS	PHARMACY
T4237	FLUIDEDGE CONSULTING, INC.	1,351,968.90	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	1,210,766.90	ANNUAL INSURANCE & ACIP CRIME PREMIUMS	ADMINISTRATION
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	1,053,297.42	PROFESSIONAL SERVICES	VARIOUS
T4391	OMNI FAMILY HEALTH	860,848.60	HEALTH HOMES AND PROVIDER QUALITY CARE GRANT	COMMUNITY GRANTS
T5005	CRAYON SOFTWARE EXPERTS LLC	835,422.41	ANNUAL SOFTWARE LICENSE AND ESD AZURE OVERAGE	MIS INFRASTRUCTURE
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	829,565.99	VOLUNTARY LIFE, AD&D, DENTAL INSURANCE PREMIUM	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	623,932.74	INTERPRETATION SERVICES	MEMBER SERVICES

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Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T1845	DEPARTMENT OF MANAGED HEALTH CARE	595,829.91	2021-2022 MCAL ANNUAL ASSESSMENT	ADMINISTRATION
T4699	ZeOMEGA, INC.	518,237.45	PROFESSIONAL SERVICES AND TRAVEL EXP.	UTILIZATION MANAGEMENT
T4582	HEALTHX, INC.	506,912.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T5111	ENTISYS 360	467,811.71	ANNUAL DISASTER RECOVERY CONTINUITY PROJECT	CAPITAL PROJECT/MIS INFRASTRUCTURE
T2458	HEALTHCARE FINANCIAL, INC.	381,000.00	PROFESSIONAL SERVICES	ADMINISTRATION
T5109	RAND EMPLOYMENT SOLUTIONS	348,372.08	TEMPORARY HELP & ACA INSURANCE	VARIOUS
T4193	STRIA LLC	312,312.63	OCR SERVICES AND PROFESSIONAL SERVICES	CLAIMS
T5022	SVAM INTERNATIONAL INC	291,686.00	PROFESSIONAL SERVICES/UPDATE TO STANDARD BUSINESS REPORTING	IT BUSINESS INTELLIGENCE
T4483	INFUSION AND CLINICAL SERVICES, INC.	280,895.02	HEALTH HOMES GRANT	COMMUNITY GRANT
T4733	UNITED STAFFING ASSOCIATES	274,715.88	TEMPORARY HELP & ACA INSURANCE	VARIOUS
T2167	PG&E	269,398.65	USAGE/UTILITIES	CORPORATE SERVICES
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	261,282.79	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC.	241,910.78	NUTANIX HARDWARE & SOFTWARE - SECURITY PROGRAM ASSESSMENT	MIS INFRASTRUCTURE

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

Vendor No.	Vendor Name	Year-to Date	Description	Department
T5337	CAZADOR CONSULTING GROUP INC	241,371.21	TEMPORARY HELP	VARIOUS
T1861	CERIDIAN HCM, INC.	233,764.26	MONTHLY SUBSCRIPTION FEES/ PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T3011	OFFICE ALLY, INC.	230,680.25	EDI CLAIM PROCESSING	CLAIMS
T1408	DELL MARKETING L.P.	228,356.75	HARDWARE & COMPUTER EQUIPMENT & LICENSE FEES	MIS INFRASTRUCTURE
T4165	SHI INTERNATIONAL CO.	223,246.15	SOFTWARE LICENSES	MIS INFRASTRUCTURE
T4695	EDIFECS, INC	222,663.07	ANNUAL TSM MAINTENANCE	MIS INFRASTRUCTURE
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	218,400.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T5229	DIGNITY HEALTH MEDICAL GROUP - BAKERSFIELD	217,442.81	HEALTH HOME GRANT	COMMUNITY GRANTS
T4460	PAYSPAN, INC	209,492.00	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5145	CCS ENGINEERING FRESNO INC.,	203,785.26	JANITORIAL SERVICES	CORPORATE SERVICES
T2584	UNITED STATES POSTAL SVC.-HASLER	200,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4657	DAPONDE SIMPSON ROWE PC	177,572.00	LEGAL FEES	VARIOUS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	165,050.15	ONSITE SECURITY	CORPORATE SERVICES

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Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T4967	ADMINISTRATIVE SOLUTIONS, INC.	150,314.07	FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION	VARIOUS
T1128	HALL LETTER SHOP, INC.	153,437.79	NEW MEMBER LETTER/ENVELOPES, MEMBER HANDBOOKS, CLINICAL CARE MANUAL FOR HH, NEW MEMBER PACKETS & POSTERS	VARIOUS
T4331	COTIVITI, INC	152,237.24	CALIFORNIA MEDI-CAL MEDICAID MEASURES & ANNUAL LICENSE FEE	QUALITY IMPROVEMENT
T4261	KAISER FOUNDATION HEALTH PLAN -TX PPO	149,460.24	TX-PPO EMPLOYEE HEALTH BENEFITS	VARIOUS
T1071	CLINICA SIERRA VISTA	144,173.30	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T1005	COLONIAL LIFE & ACCIDENT ATTN PREMIUM PROCESSING	143,513.99	EMPLOYEE PREMIUM - ACCIDENT & CRITICAL ILLNESS	VARIOUS
T3448	SYNERGY HEALTHCARE, INC.	141,500.00	ASTHMA PROGRAM GRANT	COMMUNITY GRANTS
T5377	TELEHEALTHDOCS MEDICAL GROUP	140,952.57	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T3446	WITT/KIEFFER INC	139,860.19	RECRUITMENT FEES	HUMAN RESOURCES
T5344	SIGNATURE STAFF RESOURCES LLC	129,444.00	PROJECT MANAGEMENT CONSULTING	PROJECT MANAGEMENT
T5413	PHILIPP RAMON MELENDEZ MD	126,137.57	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5319	CITIUSTECH INC.	125,000.00	CITIUS TECH'S FAST AND IMPLEMENTATION FEES	MIS INFRASTRUCTURE
T5322	MANINDER KHALSA	120,100.50	2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T5185	HOUSING AUTHORITY COUNTY OF KERN	117,200.00	2021 HOUSING AUTHORITY GRANT	UTILIZATION MANAGEMENT - UM WELLNESS

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Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T1272	COFFEY COMMUNICATIONS INC.	113,747.48	MEMBER NEWSLETTER/ WEBSITE IMPLEMENTATION	HEALTH EDUCATION/ MIS INFRASTRUCTURE
T4353	TWE SOLUTIONS, INC.	111,165.33	ANNUAL TECHNICAL SUPPORT AND MAINTENANCE FOR NIMBLE STORAGE SOLUTIONS	MIS INFRASTRUCTURE
T2850	QUEST SOFTWARE INC.	109,598.00	SQL LICENSE / SPOTLIGHT SOFTWARE	MIS INFRASTRUCTURE
T4396	KAISER FOUNDATION HEALTH-DHMO	108,843.92	EMPLOYEE HEALTH BENEFITS	VARIOUS
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	101,257.59	2021 ANNUAL DUE ASSESSMENT & TRAINING REGISTRATION	VARIOUS
T1189	APPLE ONE INC, EMPLOYMENT SERVICES	97,411.82	TEMPORARY HELP	MIS ADMINISTRATION
T3449	CDW GOVERNMENT	96,073.07	ANNUAL ADOBE TEAM LICENSING	MIS INFRASTRUCTURE
T5428	COMPUTER DESIGN & INTEGRATION LLC ****	95,523.47	RUBRIK APPLIANCE & 36 MONTH SUPPORT	MIS INFRASTRUCTURE
T5396	NYMI INC	87,000.00	CONTRACT TRACING DEVICES	CORPORATE SERVICES
T2413	TREK IMAGING INC	86,215.28	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T5121	TPx COMMUNICATIONS	84,679.42	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T5376	KCHCC	84,593.00	COVID TASK FORCE SPONSORSHIP	MARKETING
T1022	UNUM LIFE INSURANCE CO.	81,792.00	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4059	KERN VALLEY HEALTHCARE DISTRICT	80,743.35	2021 PROVIDER QUALITY CARE GRANT	COMMUNITY GRANTS
T5329	RELAY NETWORK, LLC	80,000.04	TEXT MESSAGING SUBSCRIPTION	CAPITAL PROJECT

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Amounts over $10,000.00

Vendor No.	Vendor Name	Year-to Date	Description	Department
T4963	LINKEDIN CORPORATION	78,275.00	ANNUAL ONLINE TRAINING FOR ALL EMPLOYEES	HUMAN RESOURCES
T4813	ADVENTIST HEALTH TEHACHAPI VALLEY	77,925.82	2021 PROVIDER QUALITY CARE GRANT	COMMUNITY GRANTS
T5132	TIME WARNER CABLE LLC	77,858.52	INTERNET SERVICES	MIS INFRASTRUCTURE
T4182	THE LAMAR COMPANIES	74,255.00	OUTDOOR ADVERTISEMENT-BILLBOARDS	ADVERTISING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	73,113.00	2021 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4217	CONTEXT 4 HEALTHCARE, INC	69,630.00	AMA ROYALTY FEE & CPT RENEWAL	MIS INFRASTRUCTURE
T4960	ZELIS CLAIMS INTEGRITY, LLC	67,536.96	POST EDITING SYSTEMS FOR CLAIMS PROCESSING	CLAIMS
T4785	COMMGAP	67,492.25	INTERPRETATION SERVICES	HEALTH EDUCATION
T4503	VISION SERVICE PLAN	66,215.43	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5401	KERN MEDICAL SUPPLY, LLC	65,546.02	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	65,000.00	2021 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T5346	TURNKEY ENERGY	63,378.00	EV CHARGING STATIONS	CORPORATE SERVICES
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	60,098.72	EDI CLAIM PROCESSING (EMDEON)	CLAIMS

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Vendor No.	Vendor Name	Year-to Date	Description	Department
T4563	SPH ANALYTICS	59,988.80	PROVIDER AND MEMBER SATISFACTION SURVEYS	VARIOUS
T3986	JACQUELYN S. JANS	59,600.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING
T5201	JAC SERVICES, INC.	58,236.00	AC MAINTENANCE & SERVICE	CORPORATE SERVICES
T4792	KP LLC	58,084.05	PROVIDER DIRECTORIES & FORMULARY (SUPPORT/MAINT.)	PHARMACY/PROVIDER RELATIONS
T4944	CENTRAL VALLEY FARMWORKER FOUNDATION	56,528.25	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5325	WADE A MCNAIR	56,174.00	LEADABILITY PROGRAM FACILITATION-CONSULTING SERVICES/ONSITE TRAINING	HUMAN RESOURCES
T5398	GOLDEN EMPIRE GLEANERS	55,000.00	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	54,735.75	2021-2022 OUTDOOR ADVERTISING	MARKETING
T2933	SIERRA PRINTERS, INC.	54,096.56	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T1957	FRIENDS OF MERCY FOUNDATION	54,000.00	COVID VACCINE CAMPAIGN SPONSORSHIP	MARKETING
T2961	SOLUTION BENCH, LLC	53,814.59	M-FILES & SCANFINITY LICENSES SUPPORT	MIS INFRASTRUCTURE
T2446	AT&T MOBILITY	50,669.95	CELLULAR PHONE / INTERNET USAGE	MIS INFRASTRUCTURE
T2562	CACTUS SOFTWARE LLC ****	50,537.87	2022/2023 SOFTWARE LICENSE & MAINTENANCE	MIS INFRASTRUCTURE
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	49,950.00	2020 AUDIT FEES	FINANCE
T5415	NO SISTER LEFT BEHIND NONPROFIT ORGANIZATION ****	49,950.00	COVID VACCINE INCENTIVE PROGRAM SPONSORSHIP	PROVIDE NETWORK MANAGEMENT

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Vendor No.	Vendor Name	Year-to Date	Description	Department
T4781	EDRINGTON HEALTH CONSULTING, LLC	48,600.00	CONSULTING SERVICES	ADMINISTRATION
T4496	VOX NETWORK SOLUTIONS, INC	47,965.99	WORKFORCE MANAGEMENT ADVANCED LICENSE ANNUAL RENEWAL	MIS INFRASTRUCTURE
T4038	POLYCLINIC MEDICAL CENTER, INC	47,910.27	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T2941	KERN PRINT SERVICES INC.	47,746.89	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T5387	NAVIA BENEFITS SOLUTIONS, INC	46,924.96	FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION	VARIOUS
T4708	HEALTH MANAGEMENT ASSOCIATES, INC.	46,704.75	CONSULTING SERVICES	ADMINISTRATION
T2441	LAURA J. BREZINSKI	45,750.00	MARKETING MATERIALS	MARKETING
T1183	MILLIMAN USA	45,672.75	CY2019/2020 RDT & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T2407	KAISER FOUNDATION HEALTH -COBRA	44,229.15	COBRA EMPLOYEE HEALTH BENEFITS	VARIOUS
T5420	PAYPRO ADMINISTRATORS ****	43,157.40	FSA CARD DEPOSIT	HUMAN RESOURCES
T5300	CENTRAL VALLEY OCCUPATION MEDICAL GROUP, INC	42,720.00	COVID-19 TESTING	HUMAN RESOURCES
T2969	AMERICAN BUSINESS MACHINES INC	42,199.21	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4652	BAKERSFIELD SYMPHONY ORCHESTRA ****	41,666.67	COMMUNITY SPONSORSHIP	ADMINISTRATION

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Vendor No.	Vendor Name	Year-to Date	Description	Department
T5015	SENTINEL ENGINEERING	40,380.00	JUNIPER ANNUAL SUPPORT RENEWAL	MIS INFRASTRUCTURE
T2918	STINSON'S	38,804.28	2021 OFFICE SUPPLIES	VARIOUS
T5333	CENTRAL CALIFORNIA ASTHMA COLLABORATIVE	38,643.78	2021 CENTRAL CALIFORNIA ASTHMA COLLAB. GRANT & 2021-2022 PROVIDER GRANT PROGRAM	HE WELLNESS
T5340	GARTNER INC	38,500.00	ANNUAL LEADERS INDIVIDUAL ACCESS ADVISOR - PROFESSIONAL SERVICES	MIS ADMINISTRATION
T4607	AGILITY RECOVERY SOLUTIONS INC.	37,990.00	PROFESSIONAL SERVICES	ADMINISTRATION
T5107	CITRIX SYSTEMS, INC.	37,350.00	ANNUAL LICENSE AND SUPPORT FEES	MIS INFRASTRUCTURE
T5292	ALL'S WELL HEALTH CARE SERVICES	37,179.00	TEMPORARY HELP	VARIOUS
T2135	BAKERSFIELD CITY SCHOOL DISTRICT	35,955.00	2019/2020 SCHOOL WELLNESS PROGRAM GRANT - FINAL PAYMENT	UTILIZATION MANAGEMENT - HE WELLNESS
T5412	DIAGENIX CORPORATION	34,358.40	2021-2024 NUANCE SOFTWARE SUPPORT & MAINTENANCE	MIS INFRASTRUCTURE
T5215	RICHARD GARCIA	34,050.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T1655	KERN,KKXX,KISV,KGEO,KGFM,KEBT,KZOZ,KKJG,KVEC,KSTT,KRQK,KPAT,	34,000.00	DIGITAL ADS	MARKETING
T5119	PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC.	33,654.85	HARDWARE BOARD ROOM REMOTE VIDEO CONFERENCING	MIS INFRASTRUCTURE

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Vendor No.	Vendor Name	Year-to Date	Description	Department
T4731	LOGMEIN USA, INC.	33,535.60	INTERNET SERVICES	MIS INFRASTRUCTURE
T1152	MICHAEL K. BROWN LANDSCAPE & MAINTENANCE CO., INC.	31,603.47	2021 BUILDING MAINTENANCE	CORPORATE SERVICE
T5321	TYK TECHNOLOGIES LTD	30,000.00	2021-2022 TYK LICENSE	MIS INFRASTRUCTURE
T2509	USPS	28,798.14	REPLENISH POSTAGE (PERMIT) FUNDS	CORPORATE SERVICES
T4537	BURKE, WILLIAMS & SORENSEN, LLP	27,880.50	LEGAL FEES	VARIOUS
T4575	SCHNEIDER ELECTRIC IT CORPORATION	26,791.50	APC COOLING UNITS - ANNUAL MAINTENACE	CORPORATE SERVICES
T4216	NEXSTAR BROADCASTING INC	26,610.00	ADVERTISEMENT - MEDIA	MARKETING
T5269	KERN COMMUNITY FOUNDATION	26,311.00	ANNUAL CONTRIBUTION - KERN CONNECTED COMMUNITY NETWORK MGMT FEE	UTILIZATION MANAGEMENT-OUTREACH
T5298	TOTALMED, INC.	25,591.00	DIRECT PLACEMENT FEES	HUMAN RESOURCES
T4544	BARNES WEALTH MANAGEMENT GROUP ****	25,000.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T4663	DEVELOPMENT DIMENSIONS INTERNATIONAL, INC.	25,000.00	LEADERSHIP FOUNDATION LICENSE	HUMAN RESOURCES
T4228	THE SSI GROUP, LLC.	24,851.00	EDI CLAIM PROCESSING	CLAIMS
T4060	HODEL'S DEVELOPMENT CORPORATION ****	24,069.25	2020 EMPLOYEE AWARDS	MARKETING

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to Date	Description	Department
T5159	AT&T CORP	23,271.62	INTERNET SERVICES	MIS INFRASTRUCTURE
T5345	DEVVIO INC	23,250.00	ANNUAL SOFTWARE & HARDWARE DEVVTRACE WEARABLES & GATEWAYS - CONTRACT TRACING	MIS INFRASTRUCTURE/CAPITAL PROJECT
T4873	L5 HEALTHCARE SOLUTIONS, INC.	23,115.00	ANNUAL LICENSE AND SUPPORT FEES - CLAIMS AUDIT TOOL	CLAIMS
T4424	GUROCK SORTWARE GmbH	23,100.00	TESTRAIL RENEWAL	MIS INFRASTRUCTURE
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	23,011.02	EMPLOYEE PREMIUM	ADMINISTRATION
T3092	LINKS FOR LIFE, INC	22,950.00	2021 EVENT SPONSORSHIP	MARKETING
T1326	WALKER-LEWIS RENTS	21,548.44	COVID-19 TESTING SITE EQUIPMENT	MARKETING
T5334	PACIFIC INTERPRETERS, INCORPORATED	21,443.57	INTERPRETATION SERVICES	HEALTH EDUCATION
T5161	INTEGRATED HEALTHCARE ASSOCIATION	21,304.73	ADVERTISEMENT - FILMING SERVICES	MARKETING
T3084	KERN COUNTY-COUNTY COUNSEL	20,848.80	LEGAL FEES	ADMINISTRATION
T4993	LEGALSHIELD	20,440.21	EMPLOYEE PAID VOLUNTARY COVERAGE	PAYROLL DEDUCTION
T5389	ADAKC	20,296.03	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T1347	ADVANCED DATA STORAGE	20,221.87	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T4605	KERNVILLE UNION SCHOOL DISTRICT	19,500.00	2019/2020 SCHOOL WELLNESS PROGRAM GRANT - FINAL PAYMENT	UTILIZATION MANAGEMENT - HE WELLNESS
T4934	APPLE INC	19,488.48	2021 SERVICE AWARDS & CELL PHONES	VARIOUS
T1097	NCQA	19,230.75	HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDIATION	QUALITY IMPROVEMENT

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to Date	Description	Department
T2840	ATALASOFT, INC.	18,854.00	ANNUAL DOTIMAGE DOCUMENT IMAGING MAINTENANCE	MIS INFRASTRUCTURE
T4514	A.J. KLEIN, INC. T. DENATALE, B. GOLDNER	18,193.50	LEGAL FEES	ADMINISTRATION
T5128	STANDARD SCHOOL DISTRICT	18,000.00	2019/2020 SCHOOL WELLNESS PROGRAM GRANT - FINAL PAYMENT	UTILIZATION MANAGEMENT - HE WELLNESS
T4585	DELANO UNION SCHOOL DISTRICT	17,500.00	2019/2021 SCHOOL WELLNESS PROGRAM GRANT- FINAL PAYMENT	UTILIZATION MANAGEMENT - HE WELLNESS
T4802	KERN COUNTY SUPERINTENDENT OF SCHOOLS	17,500.00	2019/2020 SCHOOL WELLNESS PROGRAM GRANT - FINAL PAYMENT	UTILIZATION MANAGEMENT - HE WELLNESS
T5318	CANONICAL GROUP LIMITED	17,500.00	2020 - 2021 UA INFRASTRUCTURE LICENSE	MIS INFRASTRUCTURE
T5013	ELIZA CORPORATION	17,130.00	202 DATA MANAGEMENT FEE	CASE MANAGEMENT
T4521	PAYSCALE, INC ****	17,120.00	COMPENSATION STUDY AND SALARY ANALYTICS	HUMAN RESOURCES
T4962	LIBERTY DATA, INC.	17,000.00	PROFESSIONAL SERVICES ANNUAL RENEWAL	MIS INFRASTRUCTURE
T5026	TEL-TEC SECURITY SYSTEMS ****	16,917.75	SECURITY SYSTEM ANNUAL MAINTENANCE	CORPORATE SERVICES
T4016	FIRST DATABANK, INC	16,620.00	SOFTWARE LICENSE	MIS INFRASTRUCTURE
T2955	DELTA ELECTRIC INC.	15,915.00	BUILDING MAINTENANCE	CORPORATE SERVICES
T2787	SAGE SOFTWARE, INC	15,819.93	2020-21 SAGE300 ERP SILVER BUSINESS ANNUAL LICENSE	FINANCE
T5336	TEAMDYNAMIX SOLUTIONS LLC	15,200.00	SOFTWARE LICENSE	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
T2851	SINCLAIR TELEVISION OF BAKERSFIELD, LLC	15,025.00	ADVERTISEMENT - TELEVISION	MARKETING
T2578	AMERICAN HEART ASSOCIATION - KERN COUNTY	15,000.00	COMMUNITY ACTIVITIES-SPONSORSHIP	ADMINISTRATION
T4195	SCRIPPS MEDIA, INC. DBA KERO-TV	14,935.00	ADVERTISEMENT - TELEVISION	MARKETING
T4920	OTIS ELEVATOR COMPANY	14,544.60	2021 ELEVATOR MAINTENANCE SERVICES	CORPORATE SERVICES
T5375	HADASSAH E PEREZ	14,458.98	EMPLOYEE RELOCATION	HUMAN RESOURCES
T4389	EXACT STAFF, INC.	13,998.52	TEMPORARY HELP	VARIOUS
T4466	SMOOTH MOVE USA	13,824.48	2021 MOVING EXPENSES	CORPORATE SERVICES
T4686	CENTRIC HEALTH	13,060.08	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T3465	JMP BUSINESS SYSTEMS INC ****	12,950.40	NEOPOST INK, LABELS & RENEWAL	CORPORATE SERVICES
T2790	KERN COUNTY DEPT OF PUBLIC HEALTH	12,915.00	INFLUENZA VACCINATION SPONSORSHIP	MARKETING
T1650	UNIVISION TELEVISION GROUP	12,750.00	ADVERTISEMENT - TELEVISION	MARKETING
T5386	PARTNER ENGINEERING AND SCIENCE, INC	12,320.00	PROFESSIONAL SERVICES	CORPORATE SERVICES
T2938	SAP AMERICA, INC	12,308.32	SAP BUSINESS OBJECTS SOFTWARE ANNUAL MAINTENANCE FEE	BUSINESS INTELLIGENCE
T4476	KERN PARTNERSHIP FOR CHILDREN AND FAMILIES	12,000.00	COMMUNITY SPONSORSHIP	MARKETING
T4577	LA CAMPESINA, KBDS, KUFW, KMYX, KSEA, KBHH, KYLI, KCEC, KNAI	12,000.00	ADVERTISEMENT - RADIO	MARKETING

KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to Date	Description	Department
T5209	ADOBE, INC ****	12,000.00	2021/2022 MAINTENANCE - ROBOHELP SERVER & TECHNICAL COMMUNICATION SUITE	MIS INFRASTRUCTURE
T4959	BERKSHIRE HATHWAY HOMESTATE COMPANIES	11,384.00	2020-2021 WORKER'S COMPENSATION INSURANCE PREMIUM	ADMINISTRATION
T4400	OPTUM360 LLC ****	11,159.97	CODING BOOKS AND LICENSES	CLAIMS
T5099	PROGRESS SOFTWARE CORPORATION	10,968.02	SOFTWARE LICENSE	MIS INFRASTRUCTURE
T4211	KERN COUNTY FAMILY MAGAZINE ****	10,800.00	ADVERTISEMENT - DIGITAL & PRINTED	MARKETING
T4932	SPECTRUM REACH (MEDIA)	10,200.00	ADVERTISEMENT - TELEVISION	MARKETING
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	10,000.00	COMMUNITY GRANTS	MARKETING
T3454	DEPARTMENT OF MANAGED HEALTH CARE ****	10,000.00	ENFORCEMENT # 20-413	ADMINISTRATION
		40,986,073.70		
	TOTAL VENDORS OVER $10,000	40,994,260.25		
	TOTAL VENDORS UNDER $10,000	778,898.02		
	TOTAL VENDOR EXPENSES - DECEMBER	**$41,773,158.27**		

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

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	482,650.46	JAN., 2022 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T1408	DELL MARKETING L.P.	470,763.02	SOFTWARE SUPPORT YEAR 1 OF 3	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE INC.	222,653.54	DEC. 2021 PROFESSIONAL SERVICES / CONSULTING SERVICES	VARIOUS
T5005	CRAYON SOFTWARE EXPERTS LLC	210,231.61	2022 ANNUAL SOFTWARE LICENSE & NOV. 2021 ESD AZURE OVERAGE	MIS INFRASTRUCTURE
T4982	NGC US, LLC	200,000.00	PREFUND MEMBER INCENTIVES - COVID 19 INCENTIVE PROGRAM	PROVIDER NETWORK MANAGEMENT
T2469	DST HEALTH SOLUTIONS, LLC	156,427.30	ANNUAL ACG LICENSE & SUPPORT	BUSINESS INTELLEGENCE
T2726	DST PHARMACY SOLUTIONS, INC.	128,216.02	DEC. 2021 PHARMACY CLAIMS	PHARMACY
T4237	FLUIDEDGE CONSULTING, INC.	80,222.50	DEC. 2021 CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING-CALAIM EXPANSION	VARIOUS
T2584	UNITED STATES POSTAL SVC. - HASLER	80,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	73,600.00	2022 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4686	CENTRIC HEALTH	71,141.74	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	61,091.37	NOV. & DEC. 2021 PROFESSIONAL SERVICES	VARIOUS

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T4963	LINKEDIN CORPORATION	59,650.50	ANNUAL ONLINE TRAINING FOR ALL EMPLOYEES	HUMAN RESOURCES
T4733	UNITED STAFFING ASSOCIATES	58,309.54	NOV. & DEC. 2021 TEMPORARY HELP - (8) MS; (1) HHP; (1) HE; (1) UM	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	58,232.95	DEC. 2021 INTERPRETATION SERVICES	MEMBER SERVICES
T5319	CITIUSTECH INC.	56,664.00	FAST+ ANNUAL MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4193	STRIA LLC	47,721.57	DEC. 2021 OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS
T4483	INFUSION AND CLINICAL SERVICES, INC	47,247.89	NOV. 2021 HEALTH HOMES GRANT	COMMUNITY GRANT
T5022	SVAM INTERNATIONAL INC	45,287.00	NOV. & DEC. 2021 PROFESSIONAL SERVICES	IT BUSINESS INTELLIGENCE
T4582	HEALTHX, INC.	41,576.00	JAN. 2022 MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T5396	NYMI INC	39,040.00	15 WEARABLES/ SOFTWARE/MAINTENANCE FOR TRACING DEVICES	CORPORATE SERVICES
T5421	PREMIER ACCESS INSURANCE COMPANY	36,166.29	JAN., 2022 EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T4657	DAPONDE SIMPSON ROWE PC	34,351.50	NOV. 2021 LEGAL FEES	VARIOUS
T1128	HALL LETTER SHOP	31,030.84	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS	VARIOUS

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5426	UNIVERSAL HEALTHCARE SERVICES, INC.	28,000.00	NOV. 2021 PROVIDER GRANT	COMMUNITY GRANTS
T1861	CERIDIAN HCM, INC.	27,478.00	NOV. & DEC. 2021 & JAN. 2022 MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T5111	ENTISYS 360	24,587.68	NUTANIX ANNUAL SUPPORT 2022	MIS INFRASTRUCTURE
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	24,419.94	NOV. 2021 EDI CLAIM PROCESSING	CLAIMS
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC.	23,612.50	NUTANIX HARDWARE & SOFTWARE - SECURITY PROGRAM ASSESSMENT	MIS INFRASTRUCTURE
T5387	NAVIA BENEFITS SOLUTIONS, INC.	21,694.87	DEC. 2021 & JAN. 2022 FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION	VARIOUS
T2167	PG&E	21,534.78	JAN 2022 USAGE / UTILITIES	CORPORATE SERVICES
T3011	OFFICE ALLY, INC	19,580.00	DEC. 2021 EDI CLAIM PROCESSING	CLAIMS
T4708	HEALTH MANAGEMENT ASSOCIATES, INC.	19,118.75	NOV. & DEC. 2021 CONSULTING SERVICES	ADMINISTRATION
T5145	CCS ENGINEERING FRESNO INC	18,250.00	DEC. 2021 & JAN. 2022 JANITORIAL & ADDITIONAL DAY PORTER	CORPORATE SERVICES
T4460	PAYSPAN, INC	18,240.66	DEC. 2021 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5313	HEALTH LITERACY INNOVATIONS, LLC	17,505.00	LITERACY ADVISOR ANNUAL SOFTWARE LICENSE	MIS INFRASTRUCTURE
T4182	THE LAMAR COMPANIES	17,415.00	JAN. 2022 BILLBOARDS	MARKETING
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	17,030.00	DEC. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM

KERN·HEALTH SYSTEMS

January AP Vendor Report

Amounts over $10,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5333	CENTRAL CALIFORNIA ASTHMA COLLABORATIVE	16,366.79	DEC. 2021 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	12,272.16	DEC. 2021 & JAN. 2022 ONSITE SECURITY	CORPORATE SERVICES
T1655	KERN,KKXX, KISV, KGEO,KGFM,KEBT,KZOZ,KKJG,KVEC,KSTT,KRQK,KPAT	12,000.00	DEC. 2021 25TH ANNIVERSARY ADS	MARKETING
T4699	ZEOMEGA	12,000.00	DEC. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T5322	MANINDER KHALSA	11,602.50	DEC. 2021 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T1005	COLONIAL LIFE & ACCIDENT	11,508.77	DEC. 2021 LIFE INSURANCE PREMIUM	VARIOUS
T4563	SPH ANALYTICS	11,372.40	2021 PROVIDER/MEMBER SATISFACTION SURVEYS-FINAL PAYMENT	MEMBER SERVICES
T4873	L5 HEALTHCARE TECHNOLOGIES, LLC	11,192.50	CLAIMS AUDIT TOOL 2021	MIS INFRASTRUCTURE
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	11,117.48	NOV. & DEC. 2021 EDI CLAIM PROCESSING	CLAIMS
T5420	PAYPRO ADMINISTRATORS	10,877.71	FSA EMPLOYEEE BENEFIT	VARIOUS
T2918	STINSON'S	10,484.71	NOV. & DEC. 2021 OFFICE SUPPLIES	VARIOUS
		3,221,537.84		
	TOTAL VENDORS OVER $10,000	3,221,537.84		
	TOTAL VENDORS UNDER $10,000	243,359.28		
	TOTAL VENDOR EXPENSES- JANUARY	**$ 3,464,897.12**		

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
FluidEdge	$50,000.00	Yes	PNM	Emily Duran	Interim Program Manager for ECM and PNM dept. (Katie Sykes)	1/3/2022	3/31/2022
CEI	$93,555.00	Yes	PM	LaVonne Banks	Project Manager/Scrum Master professional resources (Mark Stepko)	1/3/2022	4/30/2022
HD Dynamics	$53,760.00	Yes	PNM	Emily Duran	Support and consulting hours for CRM for HHP	1/3/2022	12/31/2022
Symplr	$35,700.00	Yes	IT	Richard Pruitt	Annual support for Cactus SaaS & DEA licenses	1/6/2022	1/5/2023
Mercer	$95,000.00	Yes	IT	Richard Pruitt	Compensation study for 75 KHS jobs	1/20/2022	12/31/2022
KP	$35,000.00	Yes	HE	Isabel Silva	Prenatal, postpartum, and COVID guides insert mailing	1/2/2022	12/31/2022
Lamar	$37,336.00	Yes	MRK	Louie Iturriria	5 Billboard Advertisement	1/24/2022	1/23/2023
Jacquelyn Jans	$63,000.00	Yes	MRK	Louie Iturriria	Marketing and corporate image consultant	1/2/2022	12/31/2022
Poppyrock	$99,600.00	Yes	MRK	Louie Iturriria	Graphic design for KHS/KFHC members and provider	1/2/2022	12/31/2023

2021 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	*Project Portfolio Management System*	*CA*	$154,562	$0	$0	$18,400	$0	$16,000	$43,040	$34,440	$17,600						$129,480	$25,082
2	*Community Based Organization Referral System*	*CA*	$359,653	$0	$0	$0	$0	$10,925	$55,209	$78,556	$79,816	$0	$8,150	$35,075	$14,040		$281,771	$77,882
3	*Enterprise Logging System*	*CA*	$333,996	$12,036	$15,200	$0	$17,600	$0	$0	$0	$14,960	$18,480	$18,480	$89,960	$81,672		$268,388	$65,608
4	*Interoperability*	*CA*	$162,044	$4,944	$0	$0	$0	$0	$0	$27,720	$16,500	$26,400	$27,390	$21,780	$21,450		$146,184	$15,860
5	*Enterprise Data Warehouse System*	*CA*	$673,553	$87,957	$94,932	$104,117	$111,364	$86,608	$29,040	$0	$0	$0	$73,364	$15,552	$16,720		$619,654	$53,899
6	*Major Organ Transplants*	*CA*	$62,000							$0	$17,290	$37,800	$0	$0	$0		$55,090	$6,910
7	*Enhanced Care Management*	*CA*	$344,000							$0	$17,640	$91,938	$56,235	$57,120	$61,635		$284,568	$59,432
8	*Staff Augmentation*	*EX*	$1,918,488	$142,543	$143,097	$174,994	$156,367	$142,092	$166,264	$144,199	$154,486	$154,536	$145,230	$143,600	$158,372		$1,825,780	$92,708
	Totals:	**Totals**	**$4,008,296**	**$247,480**	**$253,229**	**$297,511**	**$285,331**	**$255,625**	**$293,553**	**$284,915**	**$318,292**	**$329,154**	**$328,849**	**$363,087**	**$353,889**		**$3,610,915**	**$397,381**

Updated 2/2/22

KERN HEALTH SYSTEMS

2022 BUDGETED FTE BY DEPARTMENT

CC	DEPARTMENT	2022 Budgeted FTE ADDITIONS	2022 Budgeted Dollar Amount	JAN 2022	FEB 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022	JULY 2022	AUGUST 2022	SEPT 2022	OCT 2022	NOV 2022	DEC 2022	TOTAL 2022	Remaining Balance
220	INFORMATION TECHNOLOGY	2	332,948	-	-											-	332,948
																-	-
221	BUSINESS INTELLIGENCE	1	99,502	-	-											-	99,502
																-	-
222	ENTERPRISE DEVELOPMENT	3	499,425	-	-											-	499,425
																-	-
230	CLAIMS	2	163,395	-	-											-	163,395
																-	-
314	ENHANCED CARE MANAGEMENT	1	88,105	-	-											-	88,105
																-	-
316	POPULATION HEALTH MANAGEMENT	6	532,141	-	-											-	532,141
																-	-
311	QUALITY IMPROVEMENT	1	113,819	-	-											-	113,819
																-	-
312	HEALTH EDUCATION	3	288,098	-	-											-	288,098
																-	-
317	COMMUNITY SUPPORT SERVICES	2	119,270	-	-											-	119,270
																-	-
320	PROVIDER NETWORK MANAGEMENT	1	84,838	-	-											-	84,838
																-	-
330	MEMBER SERVICES/ENGAGEMENT	6	482,067	-	-											-	482,067
																-	-
360	COMPLIANCE & REGULATORY AFFAIRS	2	227,490	-	-											-	227,490
510	HUMAN RESOURCES	1	95,039	-	6,516											6,516	88,522
	TOTAL	**31**	**3,126,136**	**0**	**6,516**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6,516**	**3,119,620**

Major Organ Transplant Update

- **Evaluation: (75 total)**
- 2 Bone Marrow
- 1 Corneal
- 2 Heart
- 39 Kidney
- 30 Liver

- **Waitlisted (waiting for a transplant): (21 Total)**
- 20 Kidney
- 1 Liver

- **Post-transplant 2022: (2 Total)**
- 1 Liver
- 1 Bone Marrow

- **Post-transplant 2021: (10 Total)** Case Management 1-year post transplant
- 9 Kidney
- 1 Bone Marrow

KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
NEW VENDOR CONTRACTS
April 14, 2022

Legal Name DBA	Specialty	Address	Comments	Contract Effective Date
PAC 03/02/2022				
ConferMED of California PC	E-Consults (Peer to Peer)	4600 Campus Drive Ste. 203 Newport Beach CA 92660	Multi-Specialist - Delegated Credentialing	4/1/2022
Gastro Care Institute	Gastroenterology / Pathology	1331 W Avenue J Ste. 202 Lancaster CA 93534	Existing GI Providers: Perumalsamy; Suraweera & Tyagi (Pathologist pending credentialing)	41/2022
WS Audiology California PC	Hearing Aid Dispenser	2530 F Street Ste. 100 Bakersfield CA 93301		4/1/2022
PAC 04/06/2022				
Alfred J. Coppola Jr, MD Inc.	Orthopedic Surgery	300 Old River Road Ste. 200 Bakersfield CA 93311	Existing Provider - Adding Individual Contract	5/1/2022
Atlas Urgent Care	Walk-In Clinic	5531 Business Park S Bakersfield CA 93309	Existing Providers: Alam & Goyal	5/1/2022
Udaya DeSilva MD Inc dba: U.S. Desilva MD, A Medical Corporation	Pain Management	623 W Avenue Q St. Ste. A Palmdale CA 93551	Existing Provider - Adding Individual Contract	5/1/2022

KERN HEALTH SYSTEMS
BOARD OF DIRECTORS
TERMED CONTRACTS
April 14, 2022

Legal Name DBA	Specialty	Address	Comments	Term Effective Date
Bakersfield Pediatrics, A Medical Group	Pediatrics	300 Old River Rd Ste. 105 Bakersfield CA	Change of Ownership	2/28/2022
Bioventus, LLC	Laboratory	1900 Charles Bryan Road Cordova TN	Did not reapply	3/3/2022
Emerald Family Medical Group Inc.	Family Practice	212 Coffee Road Bakersfield CA	Business Dissolved	1/4/2022
Kingston Healthcare Center, LLC	SNF	329 Real Road Bakersfield CA	DHCS DOPNA/Closed Facility	2/6/2022
Noble Care Transport, Inc.	Transportation	2104 24th Street Ste. 1 Bakersfield CA	Voluntary Resignation	1/15/2022
Pediatric Heart Center, LLC	Specialty	4050-B San Dimas Street Bakersfield CA	Voluntary Resignation	2/6/2022
Riverwalk Pediatric Clinic, Inc	Pediatrics	9508 Stockdale Hwy # 150 Bakersfield CA	Change of Ownership	2/28/2022
S. Faye Snyder, PsyD	Psychology	6200 Lake Ming Road #A-4 Bakersfield CA	Voluntary Resignation	4/1/2022

KERN HEALTH SYSTEMS

TO: **KHS Board of Directors**

FROM: **Alan Avery, COO**

DATE: **April 14, 2022**

RE: **1st Quarter 2022 Operations Report**

Kern Health Systems Operational Departments continues to meet and, in many cases, exceed all regulatory and health plan performance goals during the 1st Quarter of 2022. This continued trend during the linger effects of the COVID-19 pandemic ensures provider claims are processed in a timely and accurate manner, member inquiries and questions are adequately addressed, and all plan operational units are working efficiently and effectively together while a significant portion of the staff are working remotely in their respective homes.

The area with the most significant changes during the first quarter was the number of complaints/grievances being reported to Member Services. Changes in classification and a new reporting category will be described in the grievance reporting section of this report.

Claims

Incoming provider claims receipts for the 1st Quarter of 2022 reflected a 7% increase or 60,000 claims over the 4th Quarter 2021 claim volume. This increase is attributed to the significant member increase in January along with the continued increase from "provider back to care" claims started in the second half of 2021. Even though claim receipts continue to increase, we are not concerned with this increased volume as 98% of those claims continue to be submitted electronically with only 2% of the claims received on paper. These paper claims are forwarded to a local partner (Stria) who scans the paper claims and converts them into an electronic file format allowing them to load electronically into the KHS claims workflow. Once loaded into the claims workflow, the QNXT core system processes them automatically. Auto adjudication of claims, meaning claims received and processed without manual intervention, increased during the 1st Quarter to 88%. Improvements in electronic claim submission combined with increased auto adjudication of claims has greatly decreased processing time, improved quality, and

increased timely payments to providers. The claims department continues to meet all regulatory payment requirements for the quarter-including claims processing timeliness and inventory measures.

A new service for providers has been added within the claims department as of January. Provider questions and concerns are now being addressed real time by Claims Department staff. Previously, providers would call Member Services Representatives, leave a message and Claims processors would return calls. Provider calls now go directly to Claims staff without the requirement to speak with a Member Service Representative.

Member Services

Calls into the Member Services Department increased by 11% during the 1st Quarter. We attribute this increase to the significant membership increase, in part due to the Ridgecrest service area expansion effective January 1st. This increase call volume did impact abandonment rate slightly but was well within our acceptable performance standard. The top five reasons members call Member Services remain the same: (1) New Member questions, (2) Changing PCP, (3) Making demographic changes, (4) Referral status and (5) ID Card replacement with the ranking order changing from previous quarters. Outbound phone activity experienced a 12% increase primarily attributed to the COVID-19 outreach calls, service area expansion and new member growth. In order to meet the growing member requests for real time ID card replacement, we began printing ID cards on demand and allowing members to stop by the office to pick them up at the security station. We continue to successfully manage phone activity by encouraging members to obtain their own personal account on the KHS Member Portal powered by Zipari/HealthX platform. Currently 47,000 of our members have online accounts which allows them to perform all the top five reasons they would normally call Member Services.

Provider Relations

The Primary Care Provider network grew by a modest 4% (16 net provider increase) during the quarter. The core specialists network decreased by 52 providers. From a regulatory reporting perspective, there are 16 core specialists that we continually monitor and report to the regulatory agencies. These specialists included: Cardiology, Dermatology, Endocrinology, ENT, Gastroenterology, General Surgery, Hematology, HIV/AIDS/Infectious Disease, Nephrology, Neurology, Oncology, Ophthalmology, Orthopedic Surgery, Physical Medicine, Psychiatry and Pulmonology. Our complete contracted provider network (PCP + Core Specialists + All others) increased by 2 providers over 4th Quarter 2021, for a total of 2540 providers. The primary reason for shrinkage of the provider network is providers are no longer with the contracted entity.

Another key accessibility measurement is the provider network adequacy component. We are required to monitor and report to the regulators the adequacy of our PCP and Core Specialty

provider network. This measurement is based on a provider to member ratio. For PCP's, the ratio is one PCP for every 2,000 members. We currently have one PCP for every 1893 members, thus meeting the requirement. For Core Specialists, the ratio is one Specialists for every 1,2000 members. We currently are reporting one core specialists for every 685 members, clearly exceeding the requirement. Even as our membership continues to grow and we meet all regulatory accessibility requirements, our Provider Network Management team is always reaching out to contract with all providers who meet our participation requirements.

The last key provider network indicator that we continually monitor, and report is PCP and Specialty care appointment availability. Non-urgent PCP appointments must be available within 10 days. We are currently reporting 4.1 days for the 1st Quarter 2022. Non-urgent appointments with a specialist must be available within 15 days. We are currently reporting a little over 11 days.

Human Resources

During the 1st Quarter, the Human Resources Department continued to perform ongoing staff recruitment and new employee orientation to meet the expanding personnel needs of the health plan. During the quarter, there was a net increase of 28 new staff on-boarded by Human Resources, bringing the staffing level to 459. Employee turnover is 6.32% year to date.

Grievance Report

Formal grievances during the 1st quarter increased by 223 grievances. Recently, a new grievance category called discrimination is required to track complaints claiming discrimination as the reason for their grievance. PL 21-004 from the Department of Healthcare Services requires health plans to forward copies of all member grievances within 10 days to the DHCS Office of Civil Rights when members allege discrimination on the basis of any characteristic protected by federal or state nondiscrimination laws. This includes sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental ability, physical disability, medical condition, genetic information, marital status, gender, gender identity, sexual orientation, creed, or health status. The plan received 15 grievances classified as discrimination during the quarter and reported these to DHS Office of Civil Rights.

Medical Necessity Grievances/Appeals had a significant decrease as a result of the pharmacy benefit becoming the responsibility of the State as of January 1st. We project this trend will continue throughout the year as a significant portion of the Medical Necessity Appeals have always been attributed to the pharmacy benefit denials.

The significant increase in Potential Inappropriate Care grievances can be directly attributed to the recommendations made by the DHCS auditors during their recent audit in September. Their

recommendation was related to our classification process of potential inappropriate care or PIC grievances which require clinical review oversight. All grievances are now being reviewed by the Quality Improvement nurses to ensure we avoid future regulatory recommendations.

The other category that experienced significant growth was the Quality-of-Service grievances. This category includes issues associated with provider professionalism, courtesy and attitude of the office staff. These grievances are forwarded to the Provider Network Management Department for follow up directly with the provider offices along with tracking and trending review as part of the recredentialing process. We project this increase was impacted by the January 1st enrollment gains and new Ridgecrest service area expansion.

Exempt Grievances on the other hand decreased slightly by 27 grievances during the quarter. 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 reason for the decrease can be directly attributed to the increase in the PIC formal grievances as these would previously be reported as Exempt Grievance but following the auditor's recommendation, they are now being classified as Formal potential inappropriate care or PIC grievances.

Part two of the Grievance Report required by the regulators is the disposition of the formal grievances. All of the formal grievances are now being sent to the Quality Department for review for quality or inappropriateness. Following their review of the 967 grievances received, 355 of the decisions by the plan were upheld, 338 require further review, 125 were overturned and ruled in favor of the member and 149 cases are still under review. The Quality Department has not identified any trends that need to be addressed. The primary reason for overturning the original decision of the grievance occurs when we receive additional supporting documentation from the member or the provider.

Lastly, to fully understand the dynamics and relativity of the grievance volume it is important to compare the number of grievances received in relation to the number of medical visits and the enrollment. During the 1st quarter, there was over 900,000 medical visits provided to over 328,000 members. Using a per 10,000-member measurement, KHS received only 8.826 for every 10,000 members each month during the quarter. Comparative data from other Medi-Cal Local Health Plans of California ranged from 3.10 – 10.120 each month. KHS was well within the average for the quarter.

Transportation Update

Transportation activity during the 1st quarter fell below most categories during 2021, with overall ridership decreasing by over 7300 rides during the quarter. The ride programs (GET OnDemand and Uber) continue to reflect similar activity as Q4 with NEMT ridership reflecting a sizeable decrease. However, the Member Reimbursement transportation mode continued to receive good support by our members. All other transportation options had minor increases/decreases. Overall, the use of transportation services continues at 50% of pre-COVID activity.

Requested Action

Receive and File.

KERN HEALTH SYSTEMS

1st Quarter 2022 Operational Report

Alan Avery
Chief Operating Officer

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1st Quarter 2022 Claims Department Indicators

Activity	Goal	2022 1st Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Claims Received		**913,452**		853,656	881,263	840,553	827,140
Electronic	95%	**98%**		98%	98%	98%	98%
Paper	5%	**2%**		2%	2%	2%	2%
Claims Processed Within 30 days	90%	**99%**		99%	99%	98%	99%
Claims Processed within 45 days	95%	**99%**		99%	99%	99%	99%
Claims Processed within 90 days	99%	**99%**		99%	100%	99%	99%
Claims Inventory-Under 30 days	96%	**99%**		99%	99%	99%	99%
31-45 days	<3%	**<1%**		<1%	1%	1%	1%
Over 45 days	<1%	**<1%**		1%	1%	0	1%
Auto Adjudication	85%	**88%**		87%	87%	85%	85%
Audited Claims with Errors	<3%	**1%**		2%	1%	1%	2%
Claims Disputes	<5%	**1%**		1%	1%	1%	1%

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1st Quarter 2022 Member Service Indicators

Activity	Goal	1st Quarter 2022	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Incoming Calls		**70,459**		63,724	69,132	65,968	64,320
Abandonment Rate	<5%	**3.39%**		1.14%	3%	2%	1.4%
Avg. Answer Speed	<2:00	**:23**		:13	:40	:26	:16
Average Talk Time	<8:00	**7:10**		8:00	8:19	8:13	8:06
Top Reasons for Member Calls	Trend	**1. New Member 2. PCP Change 3. Demographic Changes 4. Referrals 5. ID Card**		1. New Member 2. PCP Change 3. Referrals 4. Demo 5. ID Card	1. New Member 2. Referrals 3. Demo 4. ID Card 5. PCP Change	Same	Same
Outbound Calls	Trend	**89,784**		79,894	69,826	69,608	66,148
# of Walk Ins	Trend	**44**		0	0	0	0
Member Portal Accounts-Q/Total	4%	**3640 47,937 (14.70%)**		2605 44,301 (14.23%)	2842 41,697 (14.18%)	2740 38,858 (13.34%)	3062 36,025 12.65%

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1st Quarter Provider Network Indicators

Activity	Goal	2022 1st Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Provider Counts							
# of PCP		441		425	423	439	417
% Growth		3.76%		2.84%	[3.64%]	5.28%	2.21%
# of Specialist		442		444	422	426	441
% Growth		[.45%]		5.21%	[.94%]	[3.40%]	[1.34%]
FTE PCP Ratio	1:2000	1:1893		1:1819	1:1837	1:1742	1:1798
FTE Physician Ratio	1:1200	1:685		1:671	1:680	1:620	1:614
PCP	< 10 days	4.1		2.5 days	4.2 days	3.0 days	2.3 days
Specialty	< 15 days	11.4		6.3 days	6 days	11.4 days	10.5 days

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1st Quarter Human Resources Indicators

Activity	Budget	1st 2022 Quarter	Status	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Staffing Count	505	**459**		431	425	425	425
Employee Turnover	12%	**6.32%**		10.83%	10.38%	10.38%	7.55%
Turnover Reasons	Voluntary Involuntary Retired Deceased	**85.7%** **0%** **14.3%** **0%**		60.87% 23.91% 8.70% 6.52%	66.67 23.24 3.03 6.06	63.64% 22.73% 4.54% 9.09%	75% 12.5% 0 12.5%

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1st Quarter 2022 Grievance Report

Category	1st Quarter 2022	Status	Issue	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Access to Care	169		Appointment Availability	131	148	90	77
Coverage Dispute	0		Authorizations and Pharmacy	0	0	0	0
Medical Necessity	138		Questioning denial of service	266	329	308	308
Other Issues	41		Miscellaneous	36	18	20	11
Potential Inappropriate Care	479		Questioning services provided. All cases forwarded to Quality Dept.	256	164	183	156
Quality of Service	125		Questioning the professionalism, courtesy and attitude of the office staff. All cases forwarded to PR Department	55	53	31	8
Discrimination (New Category)	15		Alleging discrimination based on the protected characteristics				
Total Formal Grievances	967			744	712	632	560
Exempt	1404		Exempt Grievances-	1431	1520	1570	1179
Total Grievances (Formal & Exempt)	2371			2175	2232	2202	1739

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KHS Grievances per 10,000 members = 8.826/month LHPC Averages 3.10-10.120

Additional Insights-Formal Grievance Detail

Issue	2022 1st Quarter Grievances	Upheld Plan Decision	Further Review by Quality	Overturned Ruled for Member	Still Under Review
Access to Care	105	42	0	36	27
Coverage Dispute	0	0	0	0	0
Specialist Access	64	21	0	23	20
Medical Necessity	138	67	0	31	40
Other Issues	41	23	0	7	11
Potential Inappropriate Care	479	133	338	8	0
Quality of Service	125	60	0	19	46
Discrimination	15	9	0	1	5
Total	967	355	338	125	149

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1st Quarter 2022 Transportation Update

Operational Statistics	1st Quarter 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
ALC Calls	**63,118**	63,425	67,680	69,978	77,033
One Way Rides Scheduled	**70,936**	78,330	75,066	70,643	73,836
NMT	**38,685**	39,898	37,936	34,256	41,433
Bus Passes Distributed	**749**	1047	1065	833	670
GET Van Share	**5258**	5248	8253	7619	3303
Ride Share Rides	**32,678**	32,315	28,618	25,804	37,460
No Shows	**3866**	4320	5103	3669	3156
NEMT	**32,251**	38,162	37,129	36,387	32,403
Van Rides Scheduled	**31,815**	37,632	36,546	35,797	31,626
Gurney Rides Scheduled	**436**	530	583	590	777
Member Reimbursement	**1361**	1785	2496	2377	1707
ALC Admin Expense	**$387,173.70**	$423,776.90	$415,333.25	$387,345.71	$415,080.00

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To: KHS Board of Directors

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

Date: April 14, 2022

Re: CMO BOARD REPORT

Medical Cost and Utilization Trend Analyses: (Attachment A)

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

The number of physician services incurred by the SPDs continue to trend higher than budget but seem to be starting to turn downwards. We will continue to watch that trend. It is interesting to note that the top 3 diagnosis for outpatient utilization are related to routine care: General Examinations, Routine Child Exam and Pregnancy related visits. Chronic kidney disease/end stage renal disease is ranked high in outpatient utilization. This is good because these patients are managed in the outpatient and avoiding acute care utilization.

Inpatient Services

The metrics for measuring the inpatient utilization are down for all Aid codes in February. We will monitor this trend closely to make sure this is not due to delay claims submission by our hospital partners. I am hoping that this is real because we have seen a significant drop in acute hospital admissions for Covid-19. This diagnosis drove most of the spikes in inpatient utilization that the plan experience in 2021.

In the month of February 2022, the reason for inpatient utilization was for pregnancy and delivery related diagnosis. Covid-19 was the 5th ranked diagnosis by volume for inpatient utilization.

The top hospital used for inpatient services is now Kern Medical and Bakersfield Memorial is a close second. **(Attachment B)**

Obstetrics Metrics (Attachment C)

When we look at our obstetrics metrics, it looks like there is a drop in deliveries in January and February 22. Since the basis for these data are provider claims, its likely this reflects the delay between date of delivery and when KHS receives the obstetric claim. Since it may take 30-45 days from the delivery date before KHS receives an Obstetric claim, a better indicator of birth trend.

KHS C/section rate continue to be lower than the state target of 23%.

Hospital Outpatient

Hospital outpatient utilization is stable even though there is a slight up take in utilization amongst the SPD members. We are focusing on appropriate management of chronic conditions by primary care to reduce the numbers of Provider Preventable Admissions (PPA). We are working with our network to ensure that members are getting appropriate care when needed augmented with other services (medical, behavioral, or social) to prevent further deterioration in their conditions leading to a hospital admission or utilization of Observation level of care which counts here as outpatient hospital utilization.

Emergency Room (ER)

The PMPM cost and number of ER visits through February 2022 continue to be below expected benchmarks. This one of those effects of COVID-19 where the public is avoiding environments where they could be exposed to the virus. The top diagnosis for ER visit is COVID-19 followed by upper respiratory and urinary tract infections.

Most of the ER visits are occurring at BMH **(Attachment D).**

Managed Care Accountability Set (MCAS)

This is a set of performances measures that DHCS selects for annual reporting by Medi - Cal managed care health plans (MCPs). The new Managed Care Accountability Set (MCAS) prescribes a set of 39 quality measures, with 17 measures subject to a 50% Minimum Performance Level (MPL) benchmark. The members eligible for each measure are part of the denominator. The denominator defines the population being measured and may be the whole population or a subset. Measure compliance (numerator) is determined by the target process, condition, event, or outcome expected for the target population (denominator). Measure compliance requires a patient encounter, that, when completed, provides input as to whether the measurement was met or not for

that patient. The level of compliance is shown as the percentage (%) of members who have met the compliance requirements for the specific measure. Each year, DHCS may add or remove required measures. They also establish the minimum performance level (MPL) using National Committee for Quality Assurance (NCQA) benchmarks. As a result of these changes, Medi-Cal health plans and providers are under increased pressure to coordinate their quality programming and metrics.

In response to these requirements, KHS has revised the Provider P4P to be aligned with the new MCAS measures and requirements. A Member Rewards and Engagement Program was also implemented to outreach to members not compliant with specific MCAS measures, educate them about the needed services, and offer a reward for obtaining the needed services. KHS continues to find new ways to engage our members during this time with the COVID-19.

The trending report is near real-time trending on how we are performing compared to the previous measurement year and the minimum preferred level.

The boxes in pink show measures where our performance we are most unlikely to meet the MPL. The Yellow boxes (6) are measures that we are less than 5% from our performance at this time last year, Green boxes (5) are measures that we are currently performing better than last year, and the red boxes (6) are measures that we are currently performing worse than we were at this time last year.

KHS staff aims to improve our performance outcomes particularly when a measured MPL is not achieved. For 2021, however, the impact the pandemic had on patient care access continued to negatively impact MCAS results significantly. The Department of Health Care Services (DHCS) is expected to hold health plans like KHS accountable to meet the MPL for 15 MCAS measured for RY 2022 and 2023. Failure to meet any of the MPLs for the 15 measures in MY2021 and MY2022 may result in financial sanctions and/or corrective action plans.

KHS continue to perform internal assessment of the MCAS performance and develop new focus and strategies to improve our performance and achieve at least the new minimum performance levels imposed by DHCS.

KERN HEALTH SYSTEMS

Governed Reporting System

Attachment A

Kern Health Systems

KHS Medical Management Performance Dashboard (Critical Performance Measurements)

KERN HEALTH SYSTEMS

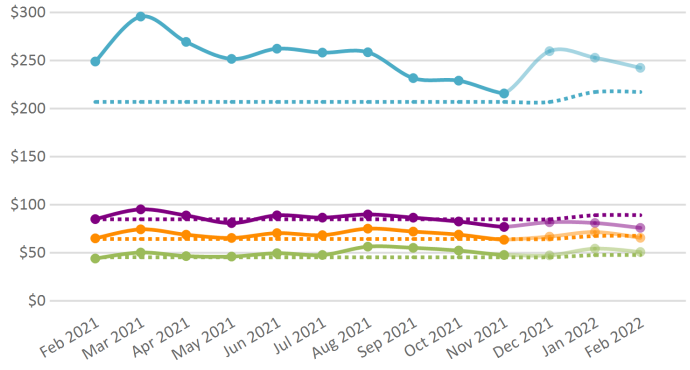
Governed Reporting System

Physician Services

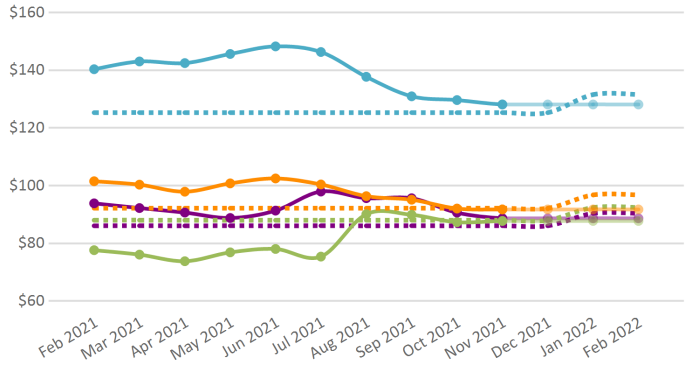
(Includes: Primary Care Physician Services, Referral Specialty Services, Other Professional Services and Urgent Care)

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

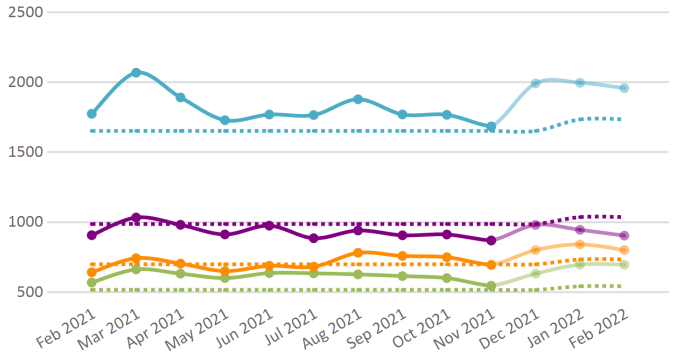
Professional Services Incurred by Aid Group PMPM



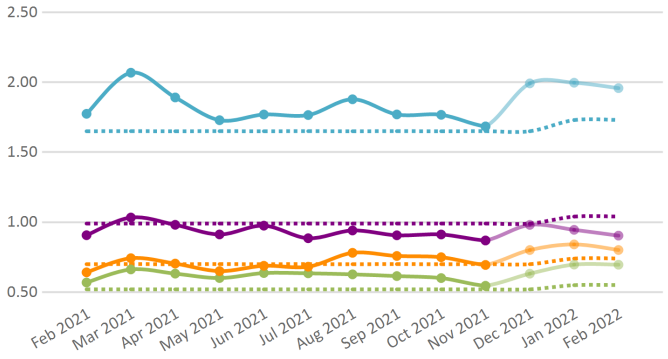
Cost per Professional Service Visit by Aid Group



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



Professional Service Visits per Member per Month by Aid Group

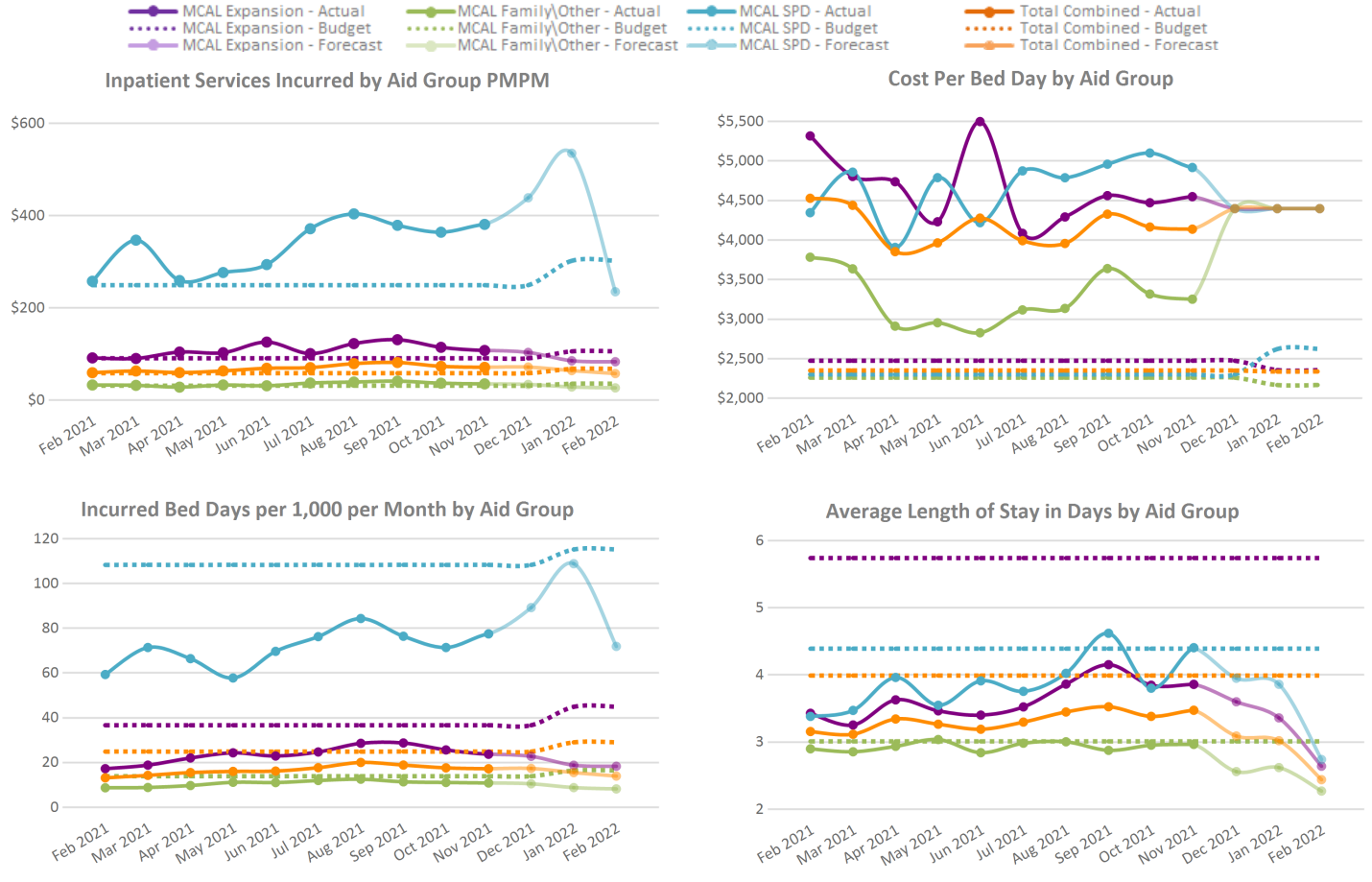


KERN HEALTH SYSTEMS

Governed Reporting System

Inpatient

(Includes: Inpatient Hospital Claims)

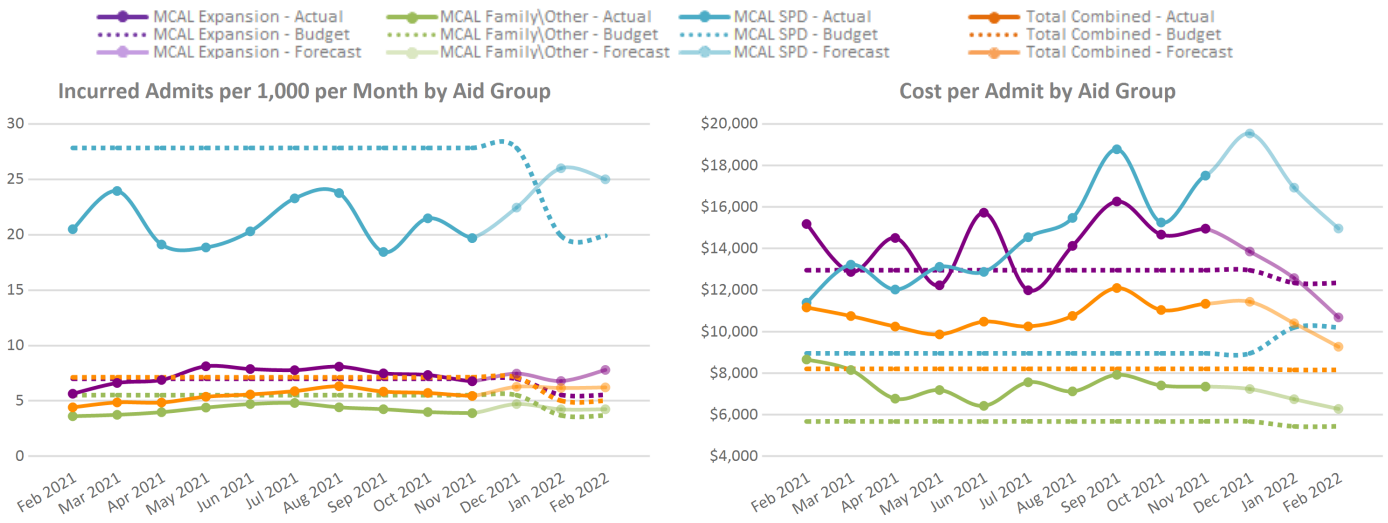


KERN HEALTH SYSTEMS

Governed Reporting System

Inpatient

(Includes: Inpatient Hospital Claims)



KERN HEALTH SYSTEMS

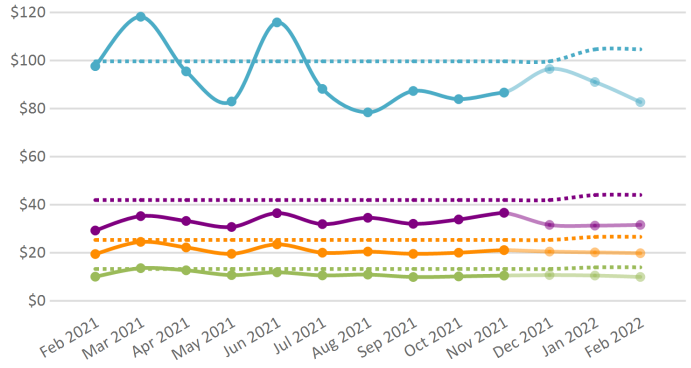
Governed Reporting System

Outpatient Hospital

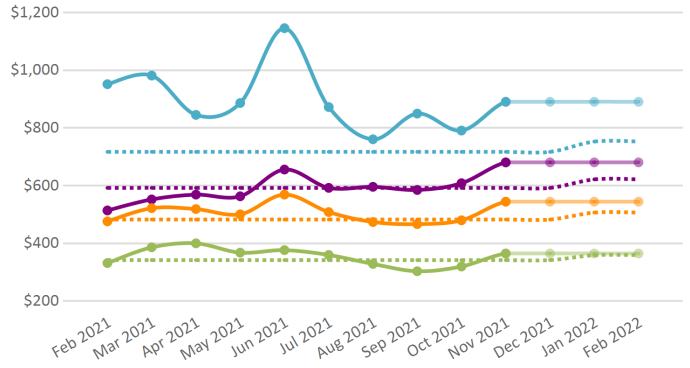
(Includes: Outpatient Diagnostic, Outpatient Surgery, Outpatient Observation, and Outpatient Other)

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

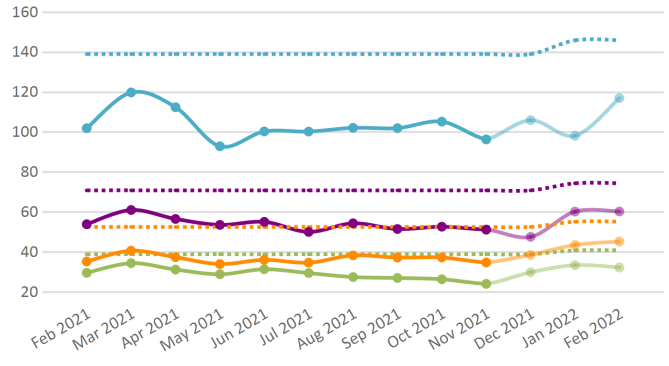
Outpatient Services Incurred by Aid Group PMPM



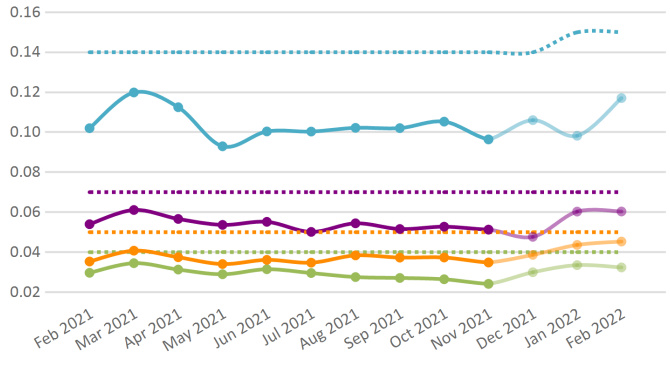
Cost Per Outpatient Visit by Aid Group



Outpatient Visits per 1,000 per Month by Aid Group



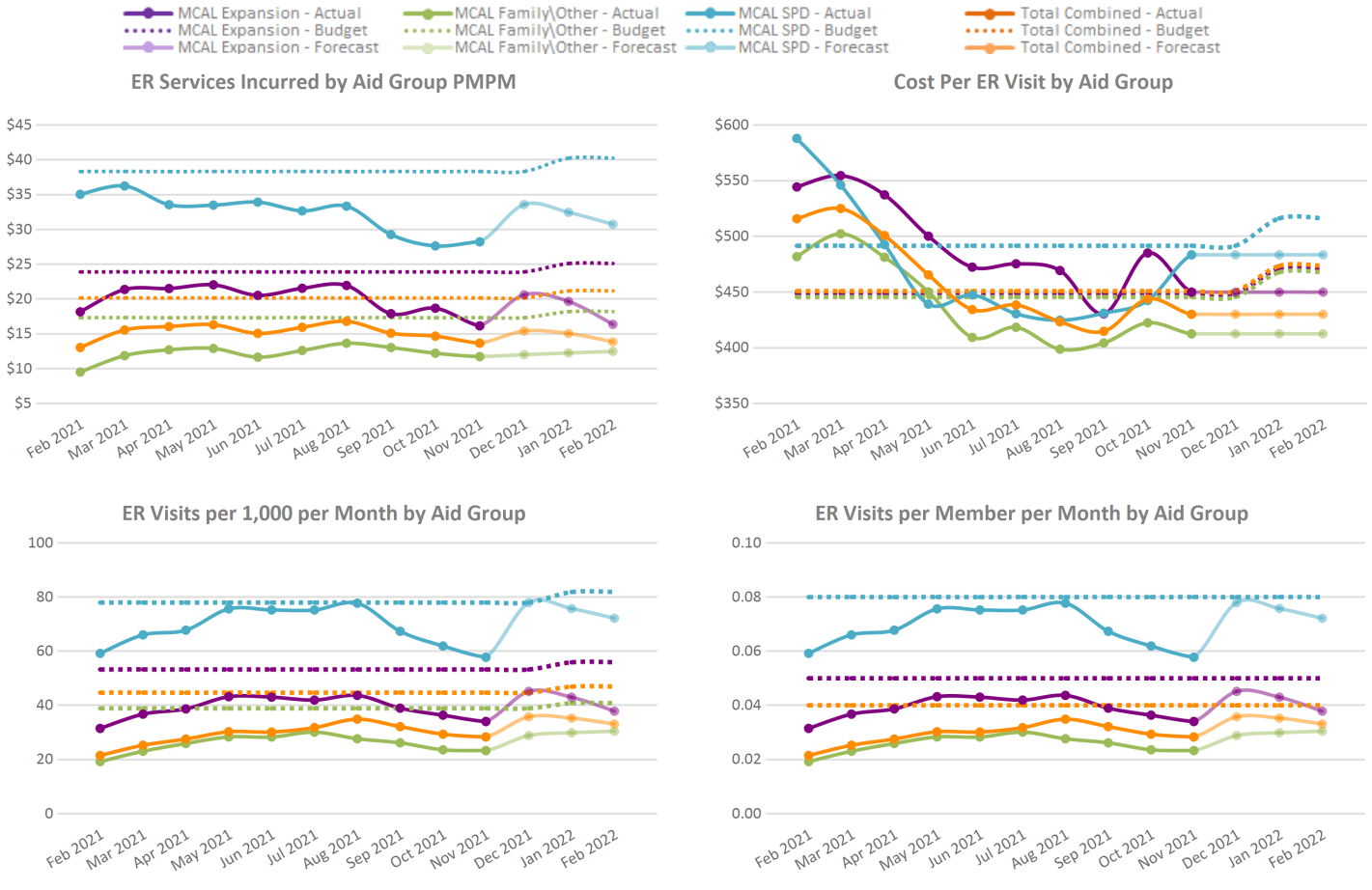
Outpatient Visits per Member per Month by Aid Group



KERN HEALTH SYSTEMS

Governed Reporting System

Emergency Room

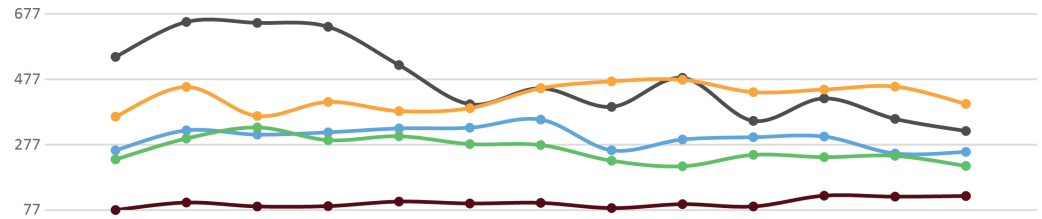


KERN HEALTH SYSTEMS

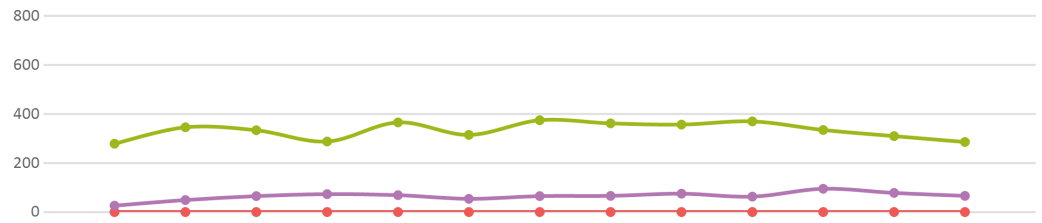
Governed Reporting System

Attachment B

Inpatient Admits by Hospital



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
BAKERSFIELD MEMORIAL	546	653	650	638	521	401	450	393	482	350	419	356	319
KERN MEDICAL	363	454	365	408	380	389	450	471	476	438	446	455	402
ADVENTIST HEALTH	260	321	308	315	327	329	354	260	293	300	302	250	255
MERCY HOSPITAL	232	296	330	291	303	279	276	228	211	246	239	243	212
GOOD SAMARITAN HOSPITAL	77	100	88	89	103	97	99	83	95	88	121	118	120



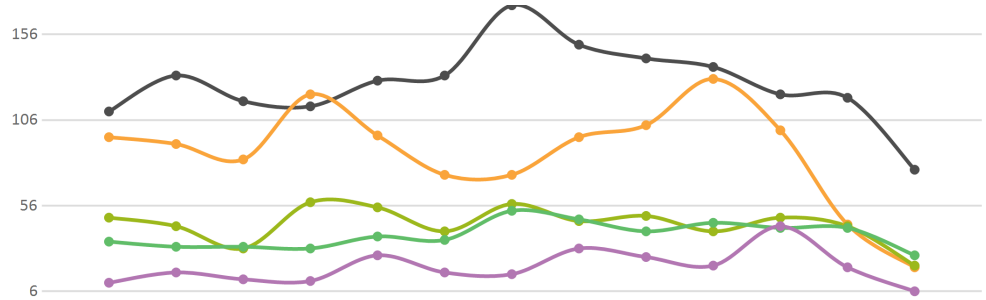
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
DELANO REGIONAL HOSPITAL	26	49	65	73	69	54	65	66	75	63	95	78	66
OUT OF AREA	279	346	334	288	366	315	375	362	357	370	335	310	286
BAKERSFIELD HEART HOSP	57	43	63	46	36	44	35	38	34	49	39	33	38

Attachment C

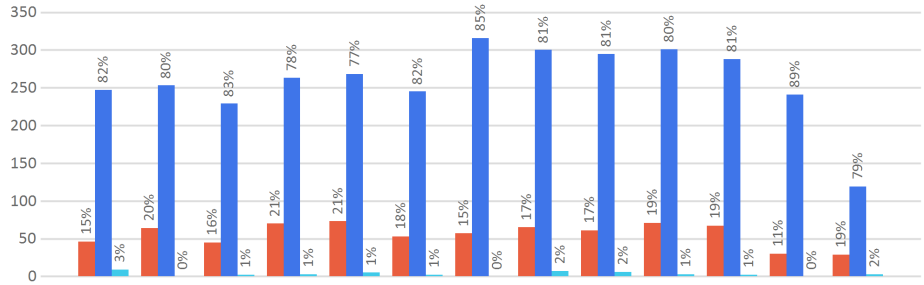
KERN HEALTH SYSTEMS

Governed Reporting System

Obstetrics Metrics



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
BAKERSFIELD MEMORIAL	111	132	117	114	129	132	173	150	142	137	121	119	77
KERN MEDICAL	96	92	83	121	97	74	74	96	103	130	100	45	20
MERCY HOSPITAL	35	32	32	31	38	36	53	48	41	46	43	43	27
OTHER	49	44	31	58	55	41	57	47	50	41	49	44	21
DELANO REGIONAL HOSPITAL	11	17	13	12	27	17	16	31	26	21	44	20	6



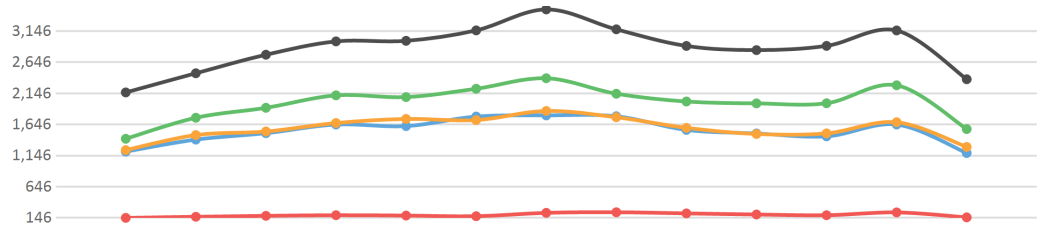
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
VAGINAL DELIVERY	247	253	229	263	268	245	316	300	295	301	288	241	119
C-SECTION DELIVERY	46	64	45	70	73	53	57	65	61	71	67	30	29
PREVIOUS C-SECTION DELIVERY	9	0	2	3	5	2	0	7	6	3	2	0	3

KERN HEALTH SYSTEMS

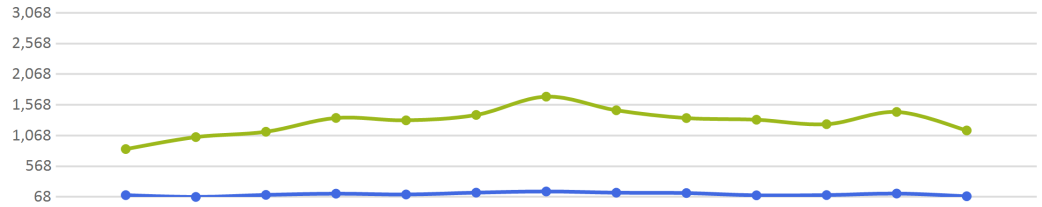
Governed Reporting System

Attachment D

Emergency Visits by Hospital



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
BAKERSFIELD MEMORIAL	2,162	2,470	2,768	2,982	2,991	3,159	3,496	3,176	2,909	2,842	2,910	3,158	2,374
MERCY HOSPITAL	1,417	1,755	1,915	2,115	2,087	2,221	2,390	2,141	2,016	1,986	1,988	2,277	1,573
KERN MEDICAL	1,235	1,477	1,534	1,670	1,736	1,718	1,864	1,763	1,593	1,494	1,504	1,683	1,286
ADVENTIST HEALTH	1,211	1,404	1,507	1,646	1,621	1,774	1,793	1,779	1,560	1,503	1,456	1,646	1,188
BAKERSFIELD HEART HOSP	146	164	179	189	183	173	227	236	218	200	189	234	154



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
OUT OF AREA	848	1,043	1,130	1,355	1,316	1,404	1,702	1,480	1,353	1,326	1,253	1,453	1,151
KERN VLY HLTHCRE HOSP	97	68	101	121	108	138	157	137	131	94	98	123	79

KERN HEALTH SYSTEMS *Governed Reporting System*

Attachment E

MCAS MY2022 Performance Trending Metrics through March 2022

BCS	CBP	CCS	CHL Adults and Peds	CIS
36.88 %	8.13 %	35.53 %	35.66 %	14.56 %
MPL: 63.77% Under MPL by 26.89% Previous YTD: 38.70%	MPL: 66.79% Under MPL by 58.66% Previous YTD: 2.56%	MPL: 67.99% Under MPL by 32.46% Previous YTD: 40.71%	MPL: 66.15% Under MPL by 30.49% Previous YTD: 33.23%	MPL: 53.66% Under MPL by 39.10% Previous YTD: 12.43%

FUA 30 Day Follow-up	FUA 7 Day Follow-up	FUM 30 Day Follow-up	FUM 7 Day Follow-up	HBD HBA1C >9%
8.65 %	2.78 %	12.34 %	5.84 %	94.51 %
MPL: 32.60% Under MPL by 23.95% Previous YTD: 11.68%	MPL: 22.98% Under MPL by 20.20% Previous YTD: 9.28%	MPL: 74.39% Under MPL by 62.05% Previous YTD: 23.24%	MPL: 61.36% Under MPL by 55.52% Previous YTD: 12.68%	MPL: 34.06% Under MPL by 60.45% Inverted Measure Previous YTD: 89.09%

IMA	LSC	PPC Post	PPC Pre	W30 0 - 15 Months
22.79 %	40.27 %	50.57 %	24.27 %	33.90 %
MPL: 50.61% Under MPL by 27.82% Previous YTD: 23.79%	MPL: 73.11% Under MPL by 32.84% Previous YTD: 44.79%	MPL: 83.70% Under MPL by 33.13% Previous YTD: 51.23%	MPL: 92.21% Under MPL by 67.94% Previous YTD: 31.80%	MPL: 68.33% Under MPL by 34.43% Previous YTD: 31.03%

KERN HEALTH SYSTEMS *Governed Reporting System*

MCAS MY2022 Performance Trending Metrics through March 2022

W30 15 - 30 Months	WCV
46.83 %	7.00 %
MPL: 82.82%	MPL: 61.97%
Under MPL by 35.99%	Under MPL by 54.97%
Previous YTD: 44.41%	Previous YTD: 7.14%

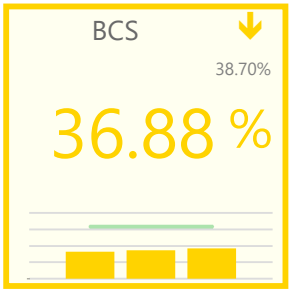
Measure rates are thru claims only - no supplemental data nor medical record reviews are included

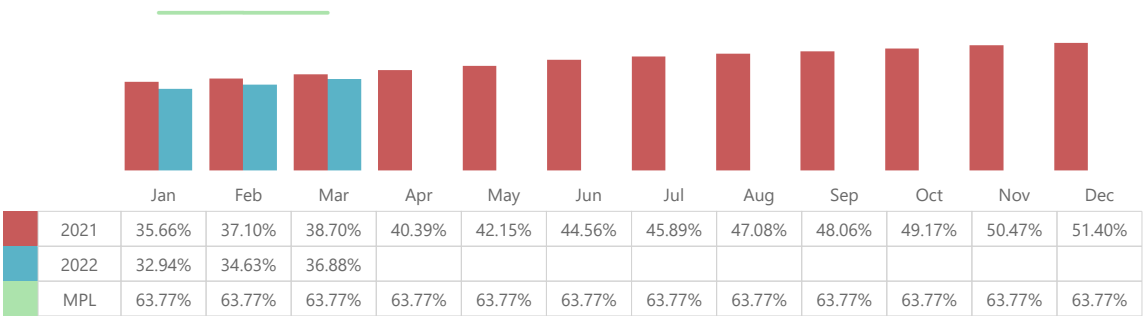
KERN HEALTH SYSTEMS *Governed Reporting System*

MCAS MY2022 Performance Trending Metrics through March 2022

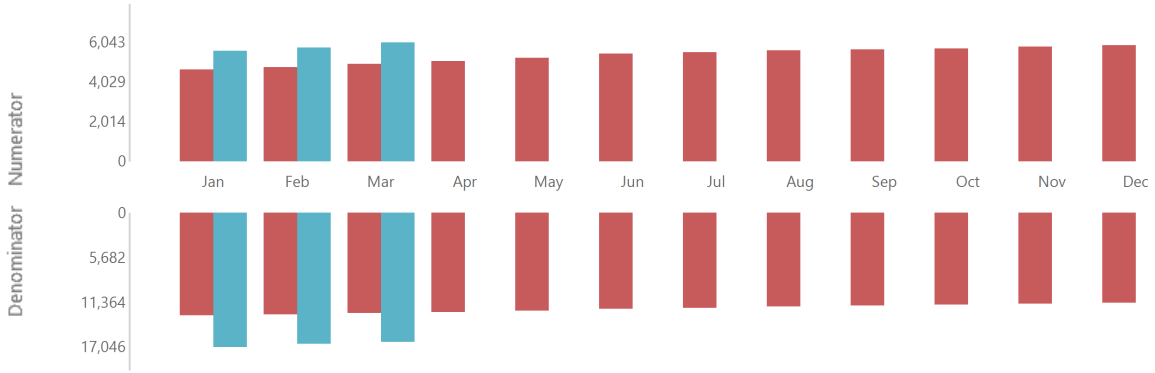
Breast Cancer Screening

The percentage of women 50–74 years of age who had 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.





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	35.66%	37.10%	38.70%	40.39%	42.15%	44.56%	45.89%	47.08%	48.06%	49.17%	50.47%	51.40%
2022	32.94%	34.63%	36.88%									
MPL	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%	63.77%



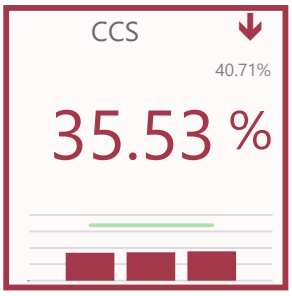
KERN HEALTH SYSTEMS

Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

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
2021	39.74%	39.81%	40.71%	42.05%	43.05%	44.87%	45.78%	46.55%	47.23%	48.09%	48.81%	49.36%
2022	34.07%	34.53%	35.53%									
MPL	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%	67.99%

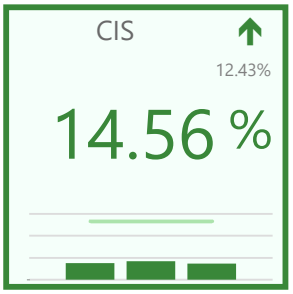
KERN HEALTH SYSTEMS

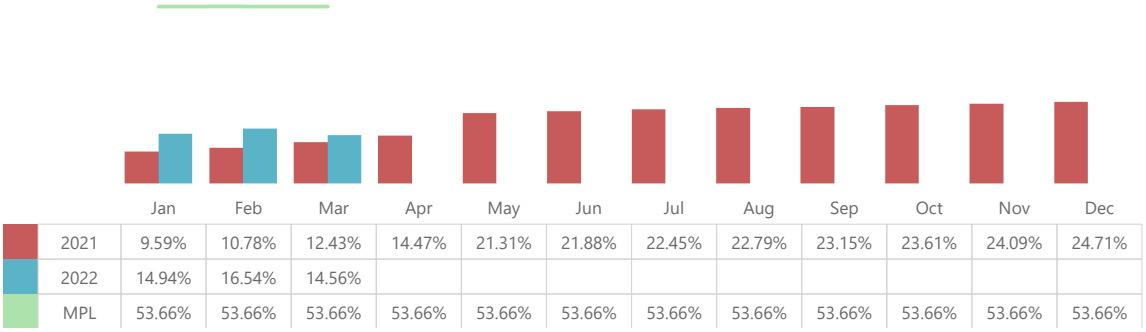
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

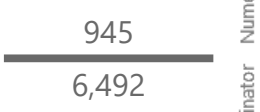
Childhood Immunization Status

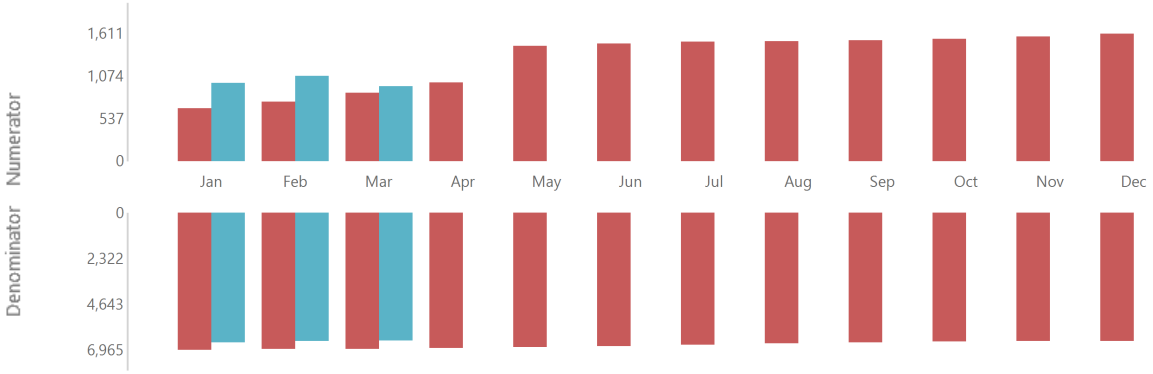
The percentage of children 2 years of age who had four diphtheria, tetanus and acellular pertussis (DTaP); three polio (IPV); one measles, mumps and rubella (MMR); three haemophilus influenza type B (HiB); three hepatitis B (HepB), one chicken pox (VZV); four pneumococcal conjugate (PCV); one hepatitis A (HepA); two or three rotavirus (RV); and two influenza (flu) vaccines by their second birthday.





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	9.59%	10.78%	12.43%	14.47%	21.31%	21.88%	22.45%	22.79%	23.15%	23.61%	24.09%	24.71%
2022	14.94%	16.54%	14.56%									
MPL	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%	53.66%





KERN HEALTH SYSTEMS

Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

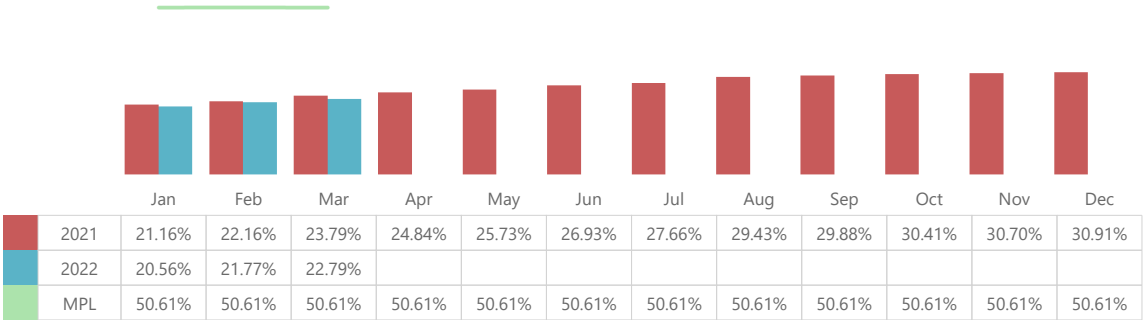
Immunizations for Adolescents

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.

IMA

23.79%

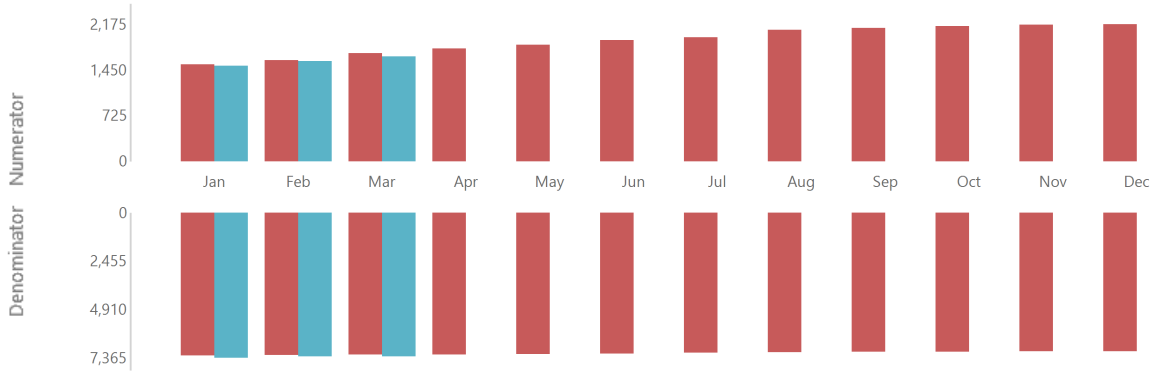
22.79 %



		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2021	21.16%	22.16%	23.79%	24.84%	25.73%	26.93%	27.66%	29.43%	29.88%	30.41%	30.70%	30.91%
	2022	20.56%	21.77%	22.79%									
	MPL	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%	50.61%

1,662

7,294



KERN HEALTH SYSTEMS

Governed Reporting System

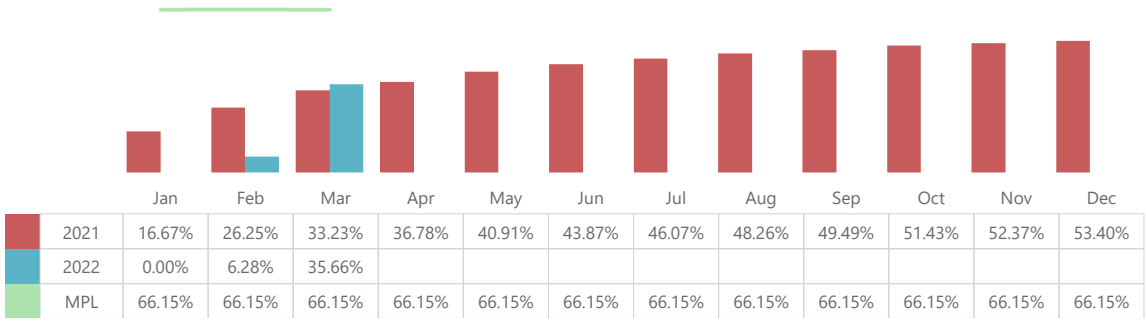
MCAS MY2022 Performance Trending Metrics through March 2022

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.

CHL Adults and Peds ↑ 33.23%

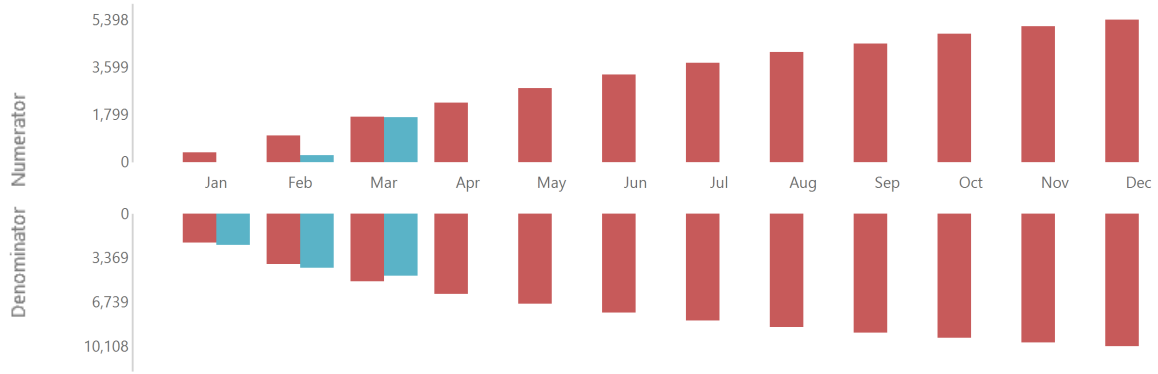
35.66 %



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	16.67%	26.25%	33.23%	36.78%	40.91%	43.87%	46.07%	48.26%	49.49%	51.43%	52.37%	53.40%
2022	0.00%	6.28%	35.66%									
MPL	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%	66.15%

1,691

4,742



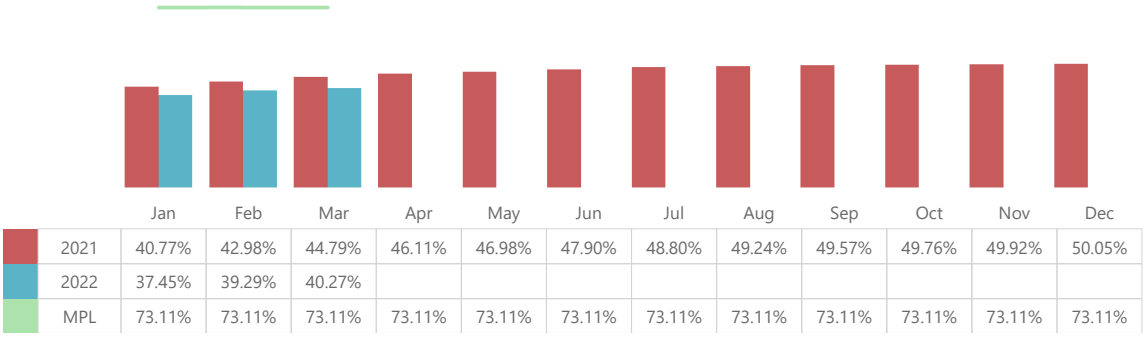
KERN HEALTH SYSTEMS

Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

Lead Screening in Children

The percentage of children 2 years of age who had one or more capillary or venous lead blood test for lead poisoning by their second birthday.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	40.77%	42.98%	44.79%	46.11%	46.98%	47.90%	48.80%	49.24%	49.57%	49.76%	49.92%	50.05%
2022	37.45%	39.29%	40.27%									
MPL	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%	73.11%

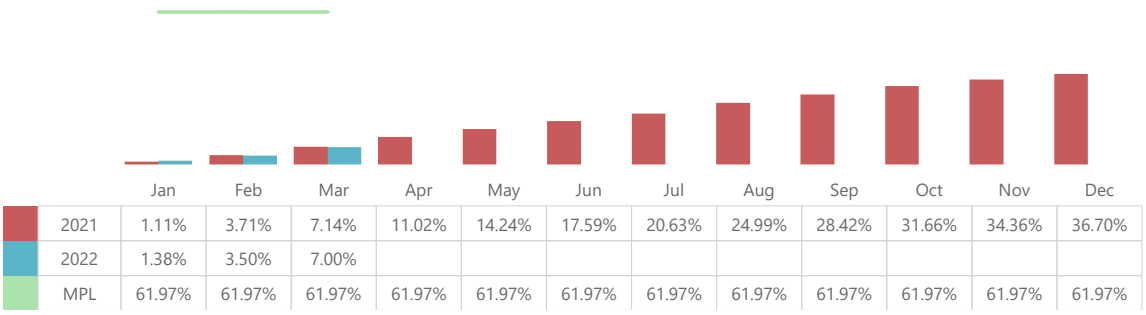
2,621
6,508

KERN HEALTH SYSTEMS *Governed Reporting System*

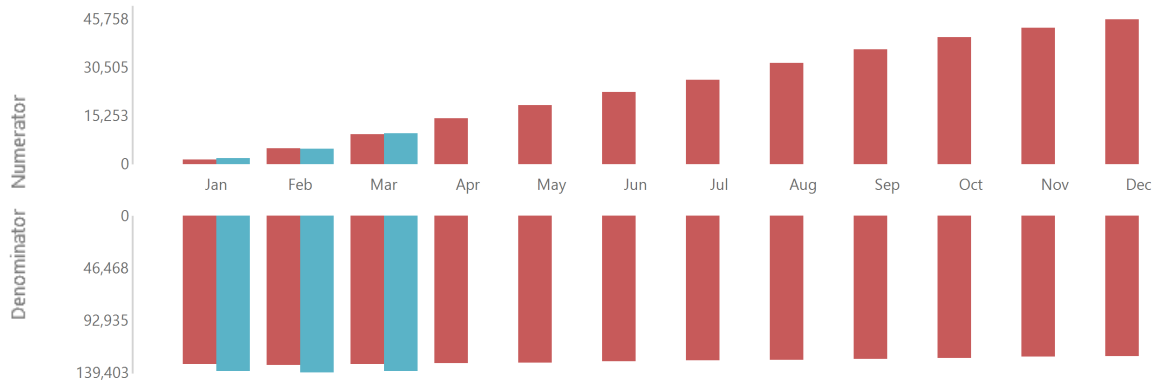
MCAS MY2022 Performance Trending Metrics through March 2022

Child and Adolescent Well-Care Visits

The percentage of members 3–21 years of age who had at least one comprehensive well-care visit with a PCP or an OB/GYN practitioner during the measurement year.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	1.11%	3.71%	7.14%	11.02%	14.24%	17.59%	20.63%	24.99%	28.42%	31.66%	34.36%	36.70%
2022	1.38%	3.50%	7.00%									
MPL	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%	61.97%



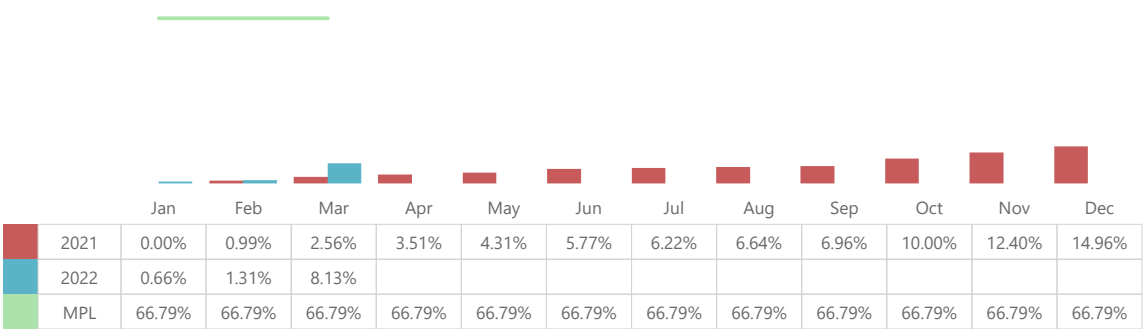
KERN HEALTH SYSTEMS

Governed Reporting System

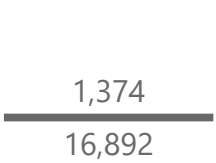
MCAS MY2022 Performance Trending Metrics through March 2022

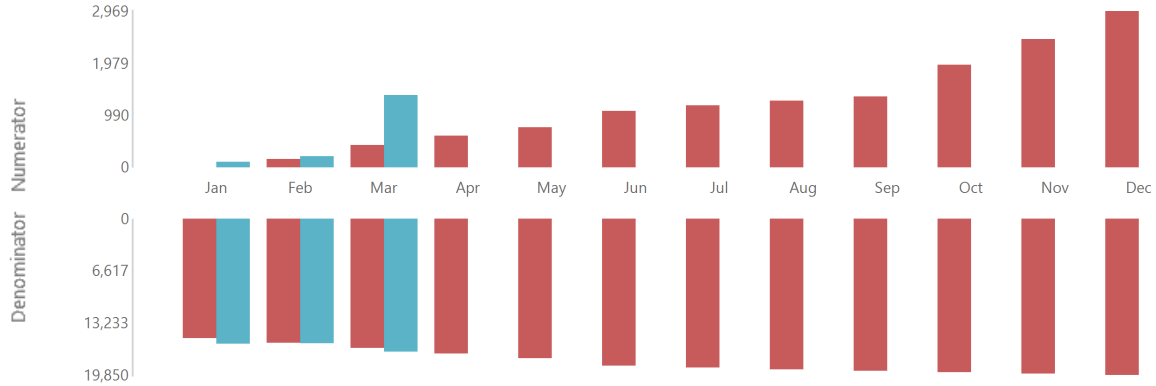
Controlling High Blood Pressure

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
2021	0.00%	0.99%	2.56%	3.51%	4.31%	5.77%	6.22%	6.64%	6.96%	10.00%	12.40%	14.96%
2022	0.66%	1.31%	8.13%									
MPL	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%	66.79%





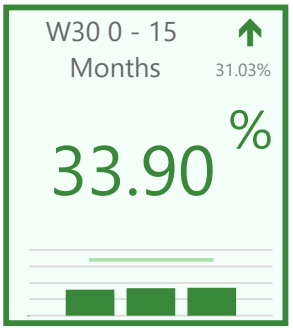
KERN HEALTH SYSTEMS

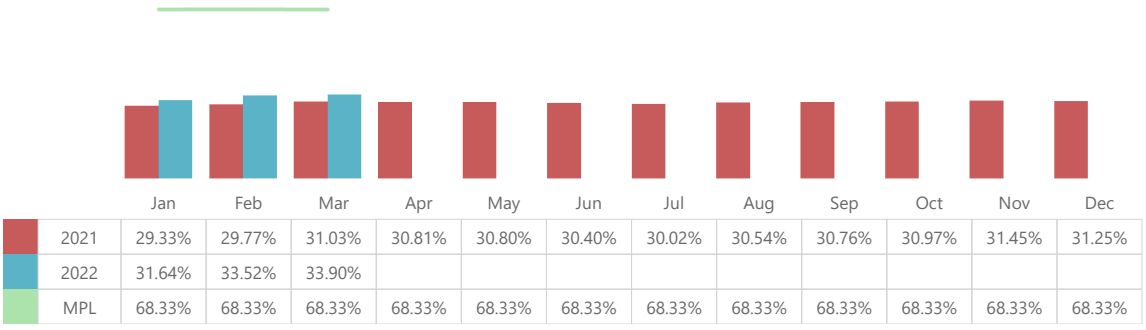
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

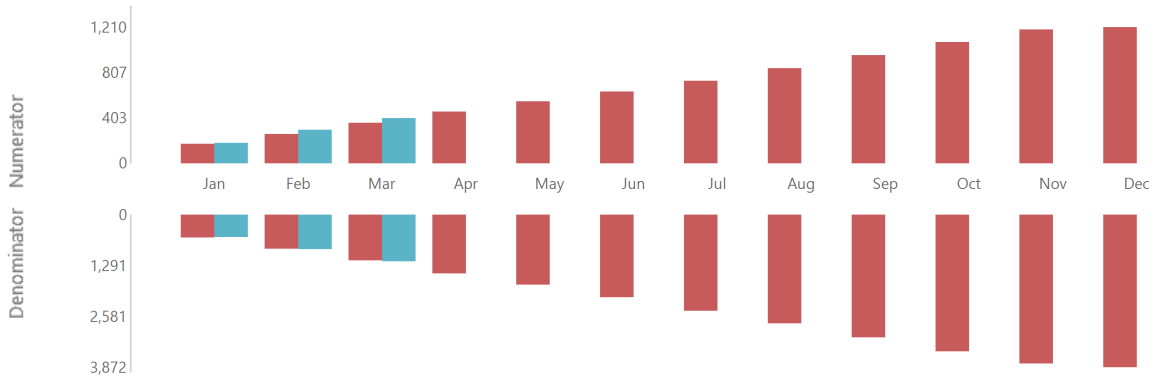
Well-Child Visits in the First 30 Months of Life

The percentage of members who had the following number of well-child visits with a PCP during the last 15 months.
Well-Child Visits in the First 15 Months. Children who turned 15 months old during the measurement year: Six or more well-child visits.





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	29.33%	29.77%	31.03%	30.81%	30.80%	30.40%	30.02%	30.54%	30.76%	30.97%	31.45%	31.25%
2022	31.64%	33.52%	33.90%									
MPL	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%	68.33%



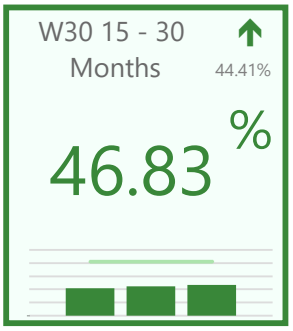
KERN HEALTH SYSTEMS

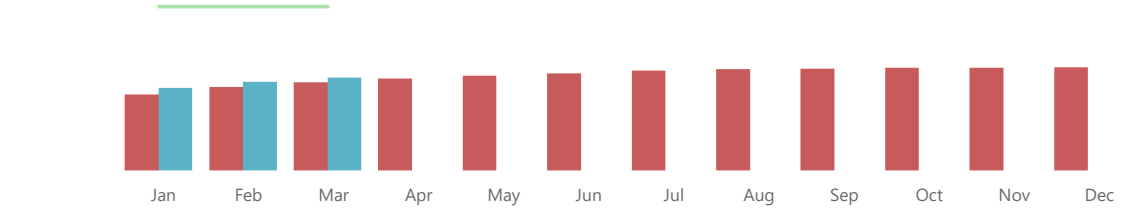
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

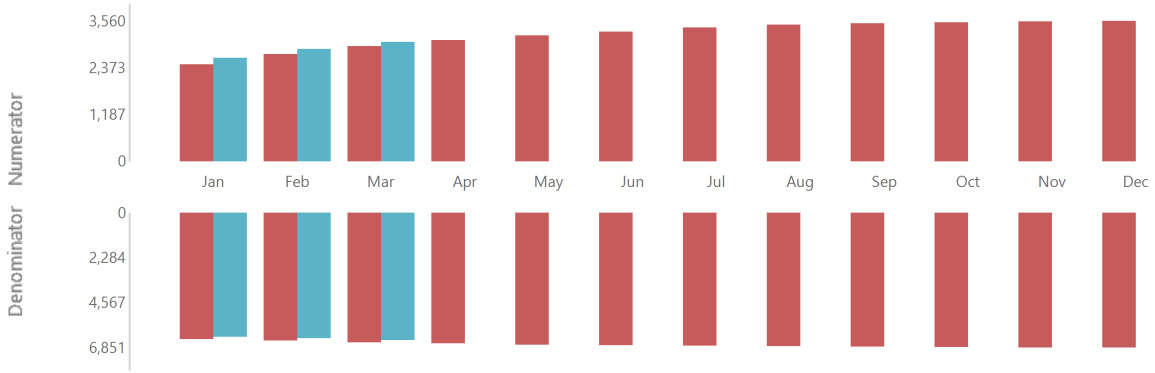
Well-Child Visits in the First 30 Months of Life

The percentage of members who had the following number of well-child visits with a PCP during the last 15 months.
Well-Child Visits for Age 15 Months–30 Months. Children who turned 30 months old during the measurement year: Two or more well-child visits.





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	38.39%	41.98%	44.41%	46.39%	47.65%	48.91%	50.24%	51.09%	51.42%	51.70%	51.88%	51.96%
2022	41.67%	44.74%	46.83%									
MPL	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%	82.82%

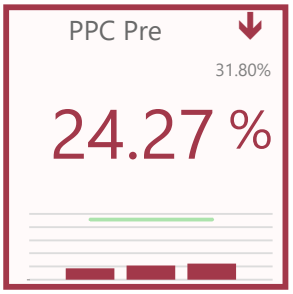


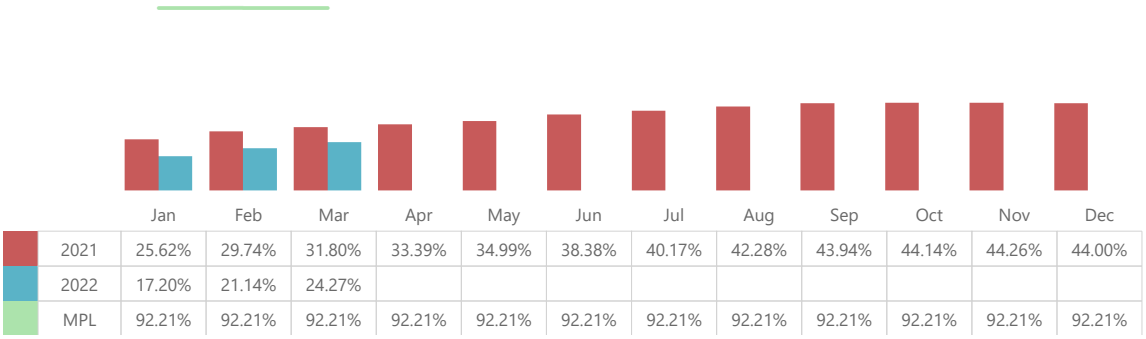
KERN HEALTH SYSTEMS *Governed Reporting System*

MCAS MY2022 Performance Trending Metrics through March 2022

Prenatal Care

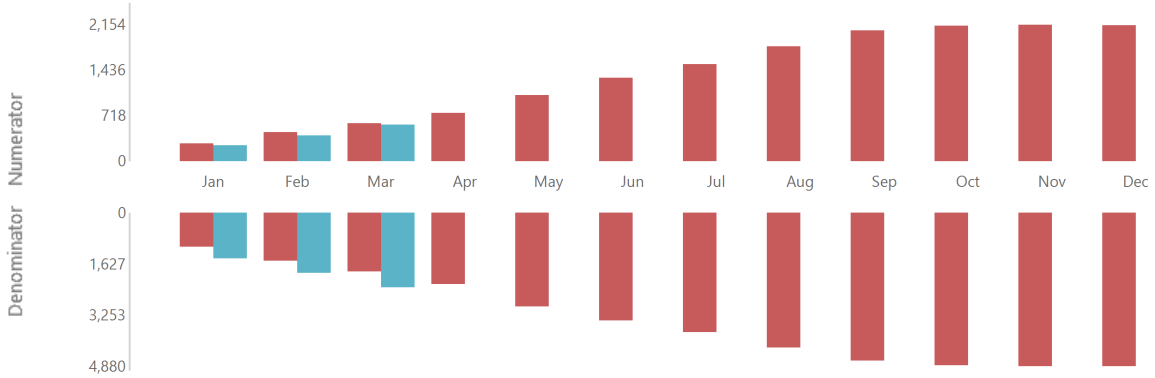
The percentage of deliveries of live births on or between October 8 of the year prior to the measurement year and October 7 of the measurement year.
Timeliness of Prenatal Care. The percentage of deliveries that received a prenatal care visit in the first trimester, on or before the enrollment start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





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	25.62%	29.74%	31.80%	33.39%	34.99%	38.38%	40.17%	42.28%	43.94%	44.14%	44.26%	44.00%
2022	17.20%	21.14%	24.27%									
MPL	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%	92.21%

575
2,369



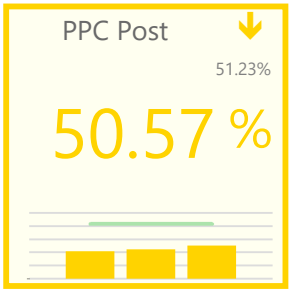
KERN HEALTH SYSTEMS

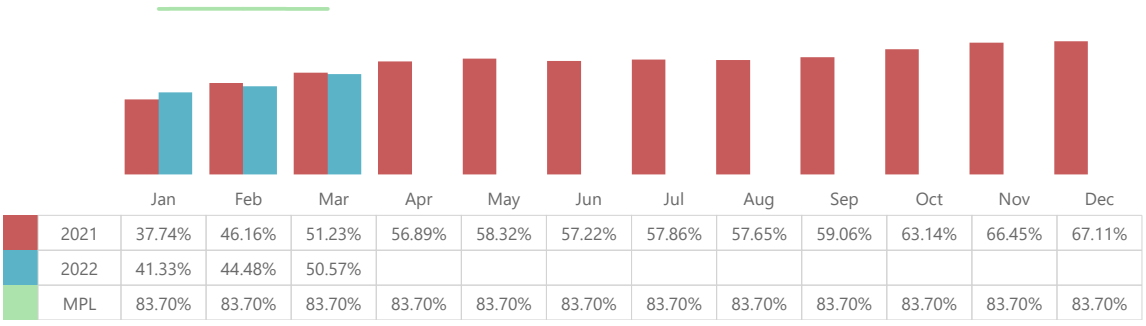
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

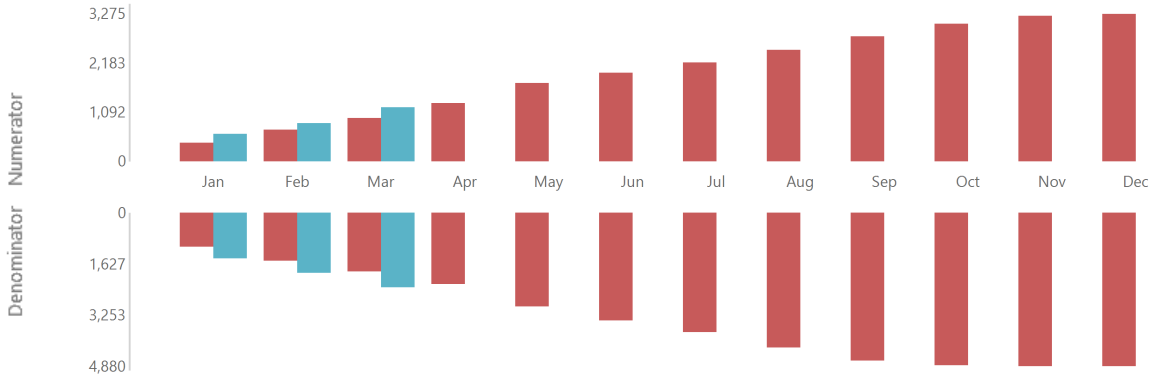
Postpartum Care

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.





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	37.74%	46.16%	51.23%	56.89%	58.32%	57.22%	57.86%	57.65%	59.06%	63.14%	66.45%	67.11%
2022	41.33%	44.48%	50.57%									
MPL	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%	83.70%



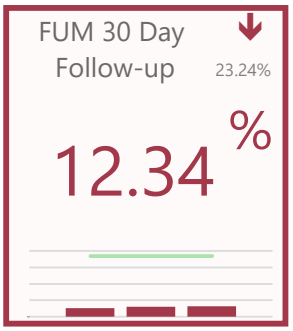
KERN HEALTH SYSTEMS

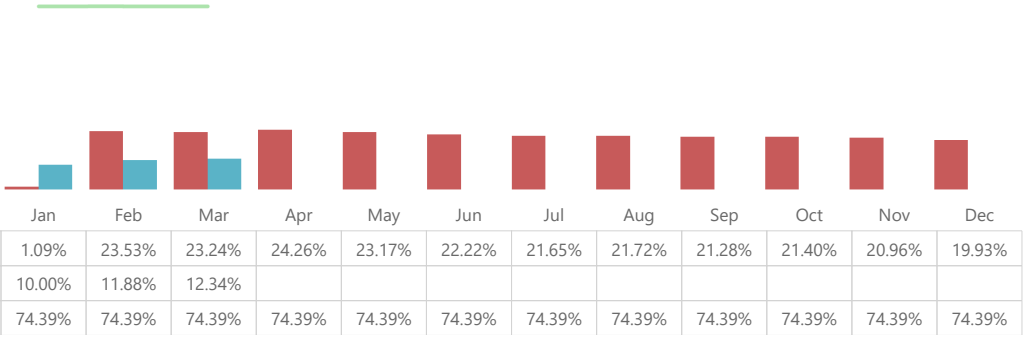
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

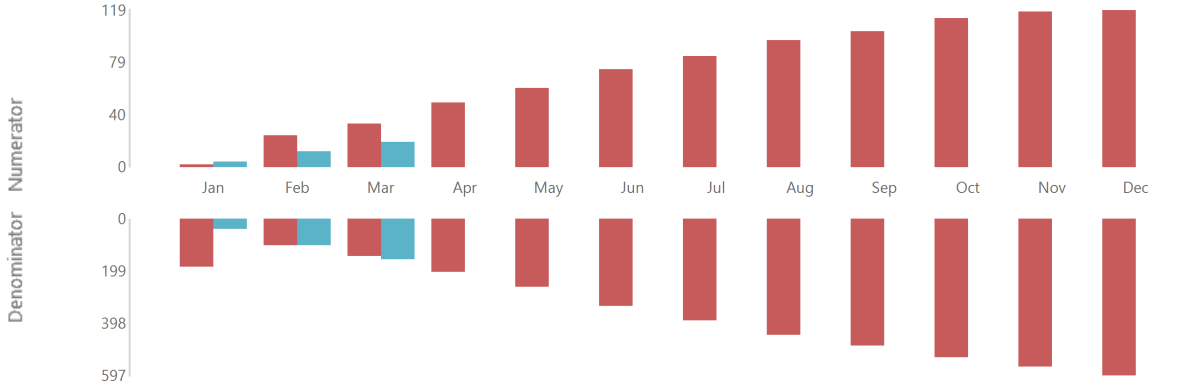
Follow-Up After Emergency Department Visit for Mental Illness

The percentage of ED visits for which the member received follow-up within 30 days of the ED visit (31 total days).





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	1.09%	23.53%	23.24%	24.26%	23.17%	22.22%	21.65%	21.72%	21.28%	21.40%	20.96%	19.93%
2022	10.00%	11.88%	12.34%									
MPL	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%	74.39%



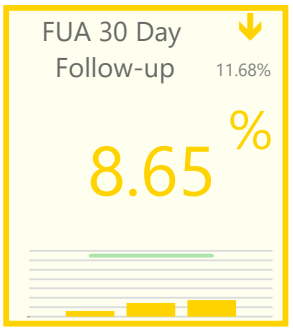
KERN HEALTH SYSTEMS

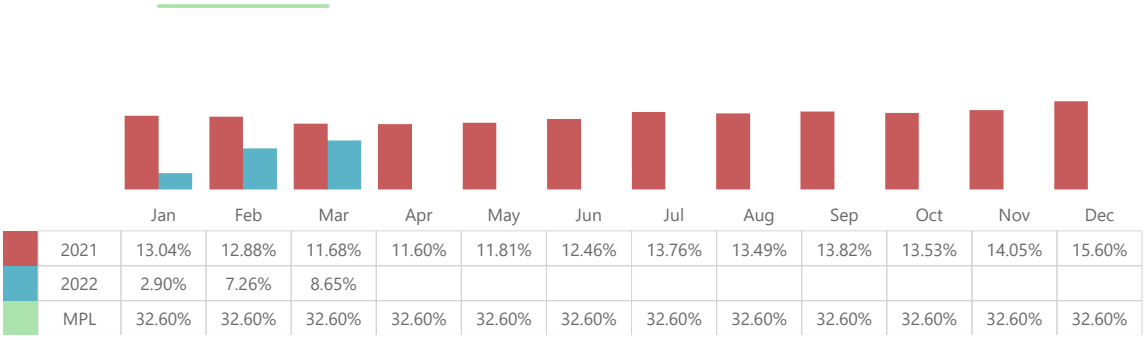
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

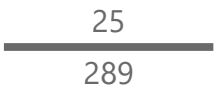
Follow-Up After Emergency Department Visit for Substance Use

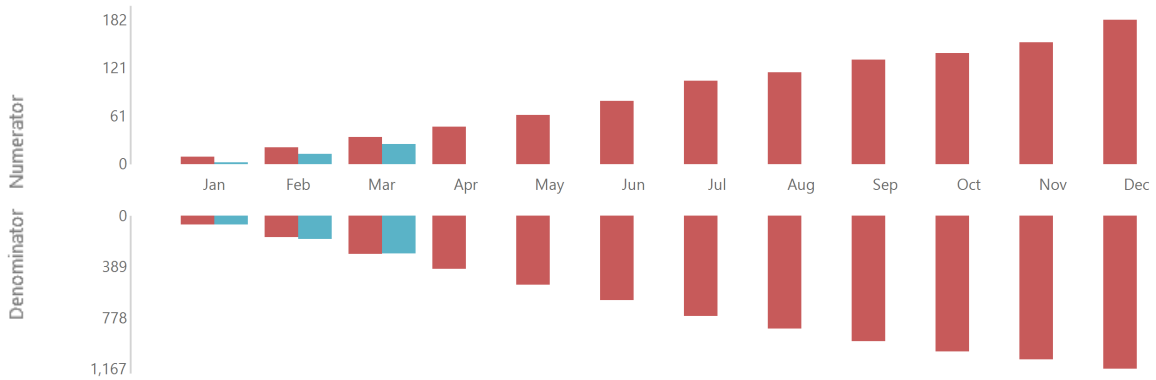
The percentage of ED visits for which the member received follow-up within 30 days of the ED visit (31 total days).





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	13.04%	12.88%	11.68%	11.60%	11.81%	12.46%	13.76%	13.49%	13.82%	13.53%	14.05%	15.60%
2022	2.90%	7.26%	8.65%									
MPL	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%	32.60%





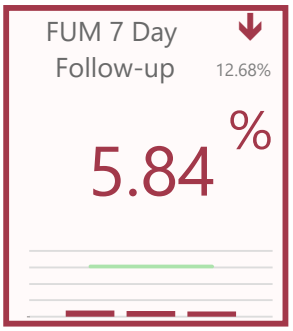
KERN HEALTH SYSTEMS

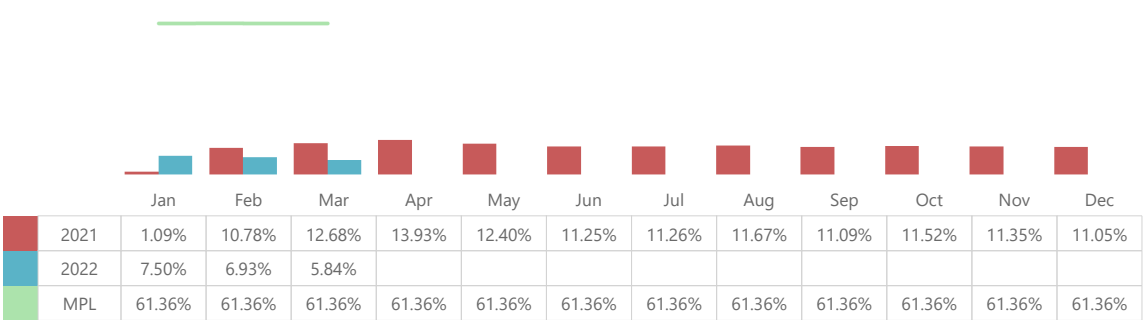
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

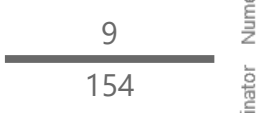
Follow-Up After Emergency Department Visit for Mental Illness

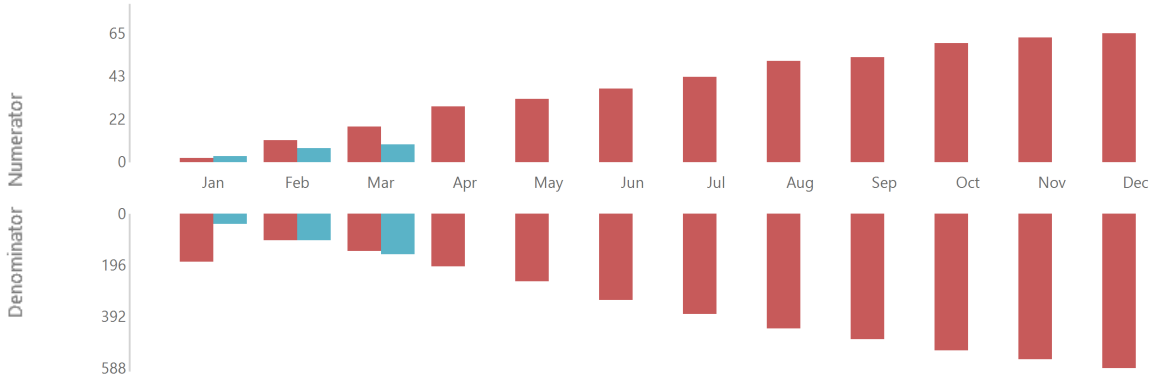
The percentage of ED visits for which the member received follow-up within 7 days of the ED visit (8 total days).





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	1.09%	10.78%	12.68%	13.93%	12.40%	11.25%	11.26%	11.67%	11.09%	11.52%	11.35%	11.05%
2022	7.50%	6.93%	5.84%									
MPL	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%	61.36%





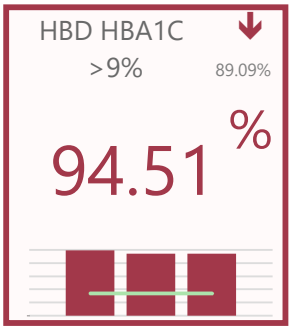
KERN HEALTH SYSTEMS

Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

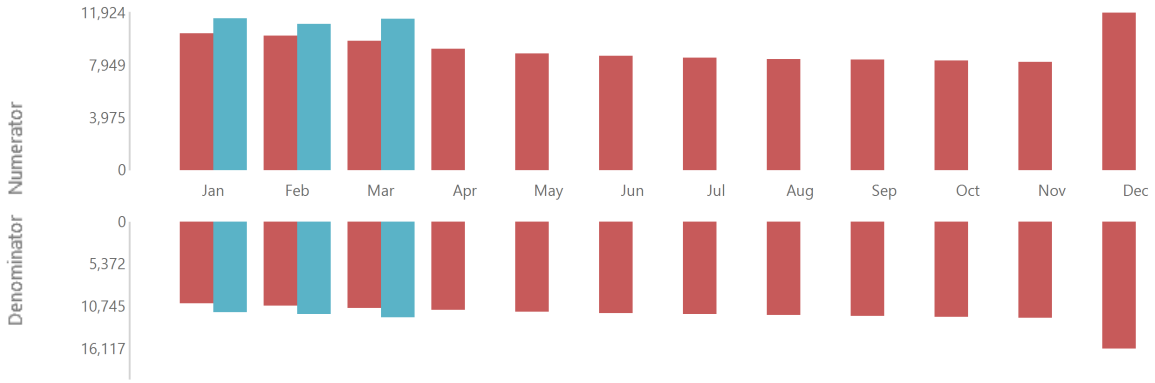
Hemoglobin A1c Testing & Control for Patients With Diabetes

The percentage of members 18–75 years of age with diabetes (type 1 and type 2) who had recent HbA1c level is >9.0% or is missing a result, or if an HbA1c test was not done during the measurement year.
Inverted Measure - a lower rate is desired for this measure.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	99.87%	95.58%	89.09%	81.99%	77.34%	74.82%	72.39%	70.86%	69.64%	68.67%	67.19%	73.98%
2022	99.88%	94.55%	94.51%									
MPL	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%	34.06%

11,464
12,130



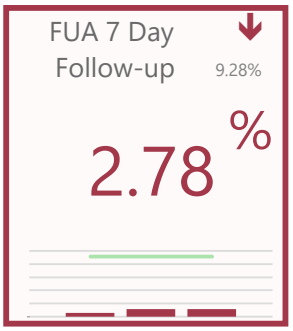
KERN HEALTH SYSTEMS

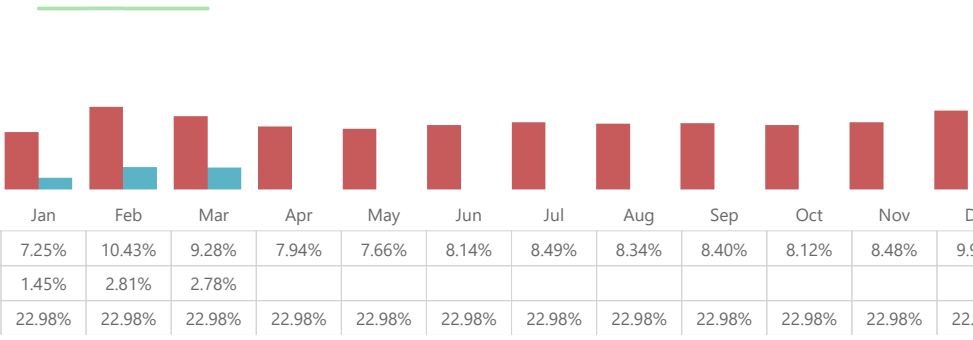
Governed Reporting System

MCAS MY2022 Performance Trending Metrics through March 2022

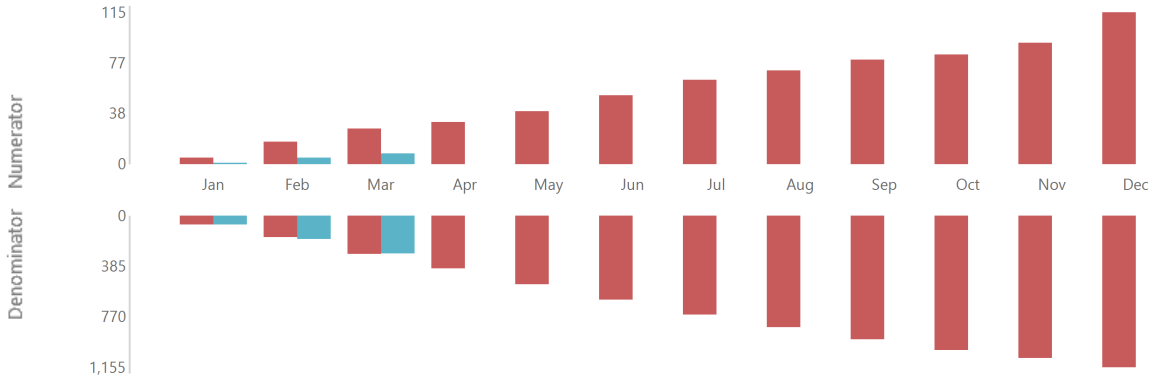
Follow-Up After Emergency Department Visit for Substance Use

The percentage of ED visits for which the member received follow-up within 7 days of the ED visit (8 total days).





	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	7.25%	10.43%	9.28%	7.94%	7.66%	8.14%	8.49%	8.34%	8.40%	8.12%	8.48%	9.96%
2022	1.45%	2.81%	2.78%									
MPL	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%	22.98%



KERN HEALTH SYSTEMS
CHIEF EXECUTIVE OFFICER'S REPORT
April 14th, 2022
BOARD OF DIRECTORS MEETING

COMPLIANCE AND REGULATORY ACTIVITIES

The April Compliance and Regulatory Affair's Report showing recent activities is included under Attachment A to this report.

COVID-19 UPDATE

Kern County has 478,416 fully vaccinated people as of April 6th, 2022 according to data from DataBases.com. 54.2% of the eligible population living in Kern County are fully vaccinated as of that date. Vaccination rates for our eligible members continue to lag below the County average although rates have improved since last reported. Despite Kern County's low vaccine rate, KFHC's vaccine incentive program as reported in March showed KFHC achieving 80.3% of performance measures. Measures showed changes in vaccine rates for KFHC members pre and post implementation of its Vaccine Incentive Plan. The level of achievement translates into per cent of funds earned. The measurement period was through November 1st 2021. The Program continues through March 2022. Following which, KFHC will receive its final performance for the Vaccine Incentive Program sometime in the 2nd Quarter of 2022. Our achievement was shared with providers and community organizations who participated in communicating and delivering shots to members previously unvaccinated or partially vaccinated. Statewide performance shows:

Percent of Dollars Earned as of Nov. 1, 2021, Ascertainment Date by MCP

MCP	Percent of dollars earned
Aetna Better Health of California	50.2%
AIDS Healthcare Foundation	89.2%
Alameda Alliance for Health	60.5%
Anthem Blue Cross	55.0%
Blue Shield of CA Promise Health Plan	51.5%
California Health and Wellness	63.2%
CalOptima	56.6%
CalViva Health	82.1%
CenCal Health	68.7%
Central California Alliance for Health	64.7%
Community Health Group	54.5%
Contra Costa Health Plan	74.2%
Gold Coast Health Plan	53.8%

Managed Care Parent Plan	Percent of measures fully achieved
Health Net of California	66.9%
Health Plan of San Joaquin	65.5%
Health Plan of San Mateo	69.9%
Inland Empire Health Plan	67.8%
Kaiser Permanente	66.7%
Kern Family Health Care	80.3%
LA Care Health Plan	67.2%
Molina Healthcare	45.7%
Partnership Health Plan of CA	61.3%
San Francisco Health Plan	76.6%
Santa Clara Family Health Plan	78.5%
United Health Care	42.3%
All plans	64.6%

RETURN TO WORK PLAN UPDATE

With phase 2 of our return-to-work plan, completed, approximately 125 employees are now working from the office full time. As we evaluate the next phase of our plan, several factors must be considered including:

- Current status of the Pandemic
- % of vaccinated staff vs. unvaccinated staff
- Current employment environment and impact of flexible work arrangements on recruitment and retention (competing for staff statewide)
- Economic impact to working onsite vs. home (commuting cost and childcare cost affect lowest paid employees most)
- Work related concerns:
    - Productivity
    - Collegial atmosphere
    - Meetings / Communication logistics

With this in mind, we are investigating a hybrid model combining offsite with onsite work schedules. To best address the factors (challenges) listed above and maintain safety while in the building, different combinations and arrangements are being explored within and among close working departments. The goal is to see if there is an optimum model that can be created (one that best balances the employee needs, the changing work environment and need to maintain a high level of productivity). The model will consider using a modified seating floor plan that includes maintaining social distancing between workstations. Since we cannot physically move workstations, it will be necessary to assign staff to work different days onsite. The assumption being roughly half the staff will be in the building when the other half is working remote at any given time. The goal being, how each department proposes to suitably adjust their employee's work schedules in such a way as to maintain a fully productive staff once the hybrid work plan goes into effect.

Since staffing will likely be present over all 5 workdays, all management in closed offices are expected to be present full time following launching the hybrid arrangement.

Besides laying out workstation seating proximity arrangements, questions for the investigation to consider should include:

1. Do we require all staff to be vaccinated and boostered to continue to work onsite or do we accept regular testing as an alternative knowing we still have a # of staff unvaccinated?

2. Do we continue to allow exceptions to returning to the office for medical conditions? If so, what definition should we use?

3. Post implementation of hybrid return to work model, what safety polices do we keep regarding masks, hygiene measures, social distancing, etc. for common areas such as conference rooms, hallways, bathrooms, break room, entrances, lobby, parking lot?

4. Other matters or circumstances that should be considered.

With the soon to be hired CEO, it was decided to delay moving forward until the new CEO is given an opportunity to participate in this discussion since it is they who will be driving its implementation.

PROGRAM DEVELOPMENT ACTIVITIES (UPDATES)

CalAIM

As outlined in the 2022 Corporate Goals and the Project Portfolio, there are several CalAIM initiatives being worked on this year. This includes further expanding ECM and Community Supports to offer additional services to additional members, taking on responsibility for Long Term Care services, and aligning our Population Health Management program with DHCS' CalAIM requirements. Generally, Q1 of 2022 consisted of DHCS conducting internal policy development and some workgroup discussions. We expect to see more policy guidance released publicly in Q2 and beyond. Concurrently, DHCS and internal staff are participating in policy development discussions for future CalAIM transitions in 2023 and beyond.

Youth Behavioral Health Initiative

The State Budget for 2021-2022 included five years of funding for several initiatives aimed at improving behavioral health services for students. This includes $400 million statewide over three years in incentives funding to build infrastructure, partnerships, and capacity for school behavioral health services. Beginning early 2022, KHS convened several stakeholders in Kern County including local education agencies, behavioral health, Medi-Cal health plans, and Kern County Superintendent of Schools to collectively identify specific school districts, student populations, and interventions to build infrastructure and support behavioral services on or near campuses. A needs assessment process will take place April through December 2022 and culminate in a Q4 project plan submission to DHCS requesting approval for the identified interventions.

LEGISLATIVE SUMMARY UPDATE

The State Budget for 2021-2022 included several population and benefit changes that DHCS is working to implement this year. This includes expanding Medi-Cal to undocumented immigrants aged 50 and older by 5/1/22, expanding eligibility to 12 months for postpartum individuals effective 4/1/22, adding Community Health Workers (CHWs) as a provider type by 7/1/22, and adding Doula Services as a benefit by 1/1/23. Related to the older adult expansion, DHCS started sending transition notices to impacted members in March. There are an estimated 4,500 eligible members in Kern County. The addition of Doula Services and CHWs is still under policy development at the State level. This has resulted in a delayed implementation date for both services. Staff continue to engage with DHCS and internally on these items. Attachment B provides a summary of State Legislative activity.

KHS APRIL 2022 ENROLLMENT:

Medi-Cal Enrollment

As of April 1, 2022, Medi-Cal enrollment is 213,418 which represents an increase of 0.5% from March enrollment.

Seniors and Persons with Disabilities (SPDs)

As of April 1, 2022, SPD enrollment is 16,135, which represents an increase of 0.2% from March enrollment.

Expanded Eligible Enrollment

As of April 1, 2022, Expansion enrollment is 85,765, which represents an increase of 1.4% from March enrollment.

Kaiser Permanente (KP)

As of April 1, 2022, Kaiser enrollment is 13,404 which represents an increase of 1.1% from March enrollment.

Total KHS Medi-Cal Managed Care Enrollment

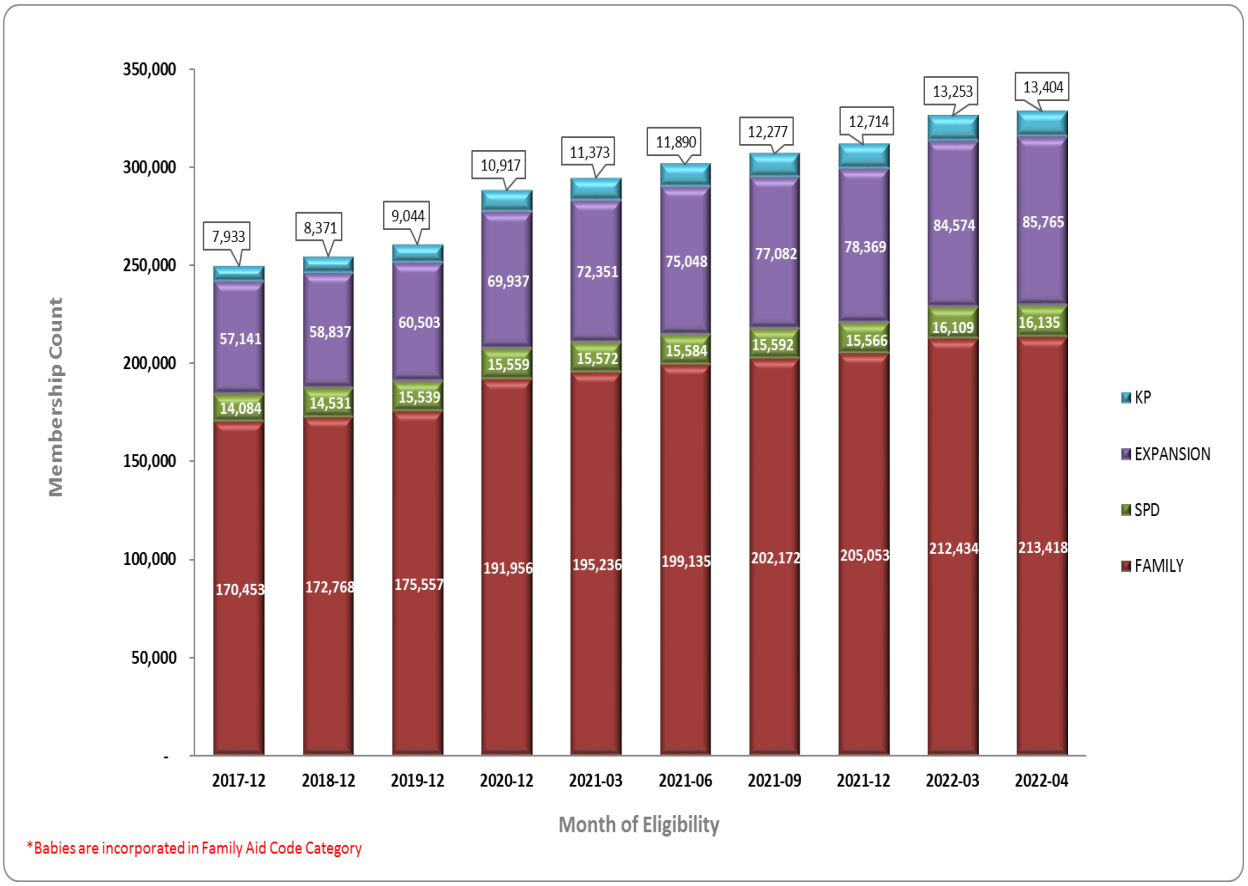
As of March 1, 2022, total Medi-Cal enrollment is 328,722 which represents an increase of 0.7% from March enrollment.

Membership as of Month of Eligibility	FAMILY	SPD	EXPANSION	KP	BABIES	Member Total
2017-12	170,006	14,084	57,141	7,933	447	249,611
2018-12	172,290	14,531	58,837	8,371	478	254,507
2019-12	175,128	15,539	60,503	9,044	429	260,643
2020-12	191,549	15,559	69,937	10,917	407	288,369
2021-03	194,850	15,572	72,351	11,373	386	294,532
2021-06	198,739	15,584	75,048	11,890	396	301,657
2021-09	201,658	15,592	77,082	12,277	514	307,123
2021-12	204,609	15,566	78,369	12,714	444	311,702
2022-03	212,020	16,109	84,574	13,253	414	326,370
2022-04	212,988	16,135	85,765	13,404	430	328,722

Eligibility Redetermination Remains on Hold

The U.S. Department of Health & Human Services' public health emergency order remains in place. As a result, the Department of Health Care Services continues to freeze Medi-Cal redeterminations. Thus, the Kern County Department of Human Services' suspension of their "automated discontinuance process" for Medi-Cal Redeterminations continues. The automated discontinuance process was in place locally prior to the public health emergency order when Medi-Cal beneficiaries did not complete the Annual Eligibility Redetermination process. However, Kern DHS continues working new Medi-Cal applications, reenrollments, renewals, and family additions which only add to our enrollment numbers.

Proportional Membership by Aide Category for Month of Eligibility



KHS MARKETING AND PUBLIC RELATIONS

KHS Sponsorships

KHS will share sponsorship in the following events in April and May:

- KHS donated $2,500 to Bakersfield West Rotary to sponsor their "27th Annual Cioppino Feed".
- KHS donated $2,000 to Kern County Cancer Foundation to sponsor "Dust Bowl to Diamonds".

- KHS donated $600 to support Garden Pathways and Oildale Community Action Team community cleanup efforts for the "Great American Cleanup".
- KHS donated $10,000 to Bakersfield North Rotary to sponsor their "Dinner at the Derby".
- KHS donated $2,500 to Kern Economic Development Corporation to sponsor the "2022 Kern County Economic Summit".
- KHS donated $1,000 to the Sikh Women's Association to sponsor their "5th Annual 5K Walk for Hope".
- KHS donated $200 to Women's Center High Desert Inc. in Ridgecrest to sponsor their "Community Meet & Greet".
- KHS donated $1,500 to sponsor the "20th Annual Bakersfield All-Star Bowl".
- KHS donated $1,000 to Hoffman Hospice to sponsor their "2022 Pickleball Palooza".
- KHS donated $1,200 to CASA of Kern County to sponsor the "2022 Derby Party".
- KHS donated $2,500 to Leukemia & Lymphoma Society to sponsor their "2022 Man & Woman of the Year".
- KHS donated $1,000 to Bakersfield Rotary East to sponsor their "2022 Vino Amore".
- KHS donated $1,000 to Alzheimer's Disease Association of Kern County to sponsor the "2022 Senior Prom".
- KHS donated $3,500 to Children First Campaign to sponsor the "2022 East Bakersfield Festival".
- KHS donated $6,000 to American Cancer Society to sponsor their "Relay for Life" events in Delano and Bakersfield; "Bark for Life" in Tehachapi; "Valley of Hope Gala".

KHS Community Events

KHS will also participate in the following events in April and May:

- Grimmway Farms "Health & Benefits Fair" – Sunday, April 10th from 12:00-5:00pm at the Kern County Fairgrounds.
- Cesar Chavez Foundation "Dia del Trabajador" Health Fair – Sunday, May 1st from 1:00-5:00pm at 40 Acres in Delano.

Employee Newsletter:

KHS Employee Newsletter can be seen by clicking the following link:

- Keeping Up with KHS 34th Edition - February 2022 (campaign-archive.com)

KHS will launch our new video employee newsletter which will replace our traditional employee newsletter. "Keeping Up With KHS" will continue providing employee news as well as the latest organizational leadership updates, replacing our Town Hall meetings. This new and informative approach will still allow the KHS Leadership Team to answer questions from employees, as well as cover a wider range of topics and announcements that staff will find more informative and timelier. The KHS Marketing and Learning & Development Teams will be responsible for creating the monthly video employee newsletter.

KERN HEALTH SYSTEMS

Compliance and Regulatory Affairs Update

Board of Directors Meeting

Jane MacAdam
Director of Compliance and Regulatory Affairs
April 14, 2022
Attachment A

STATE REGULATORY AFFAIRS

All Plan Letters (APL) and Regulatory Guidance released since the February 2022 Kern Health Systems Board of Directors' meeting:

The Department of Health Care Services (DHCS) released four new All Plan Letters (APL) and revised three previously release APLs during this time period.

- APL21-009 Collecting Social Determinants of Health Data (Revised 02/03/2022

  The purpose of this APL is to provide guidance to Medi-Cal managed care health plans on using the Department of Health Care Services Priority Social Determinants of Health Codes to collect reliable data. Principle updates include, the changes to Attachment A – Table 1 ICD-10-CM Codes Z55-Z65 – Persons with Potential Health Hazards Related to Socioeconomic and Psychosocial Circumstances codes.

- APL21-010 Medi-Cal COVID-19 Vaccination Incentive Program (Revised 03/07/2022)

  The APL provides updated guidance to Medi-Cal managed care health plans regarding the Medi-Cal COVID-19 Vaccination Incentive Program.

- APL21-017 Community Supports Requirements (Revised 03/01/2022)

  The APL provides guidance to Medi-Cal managed care health plans regarding the provision of Community Supports, previously referred to as In Lieu of Services, and the development and operation of these services by Medi-Cal managed care health plans implementing Community Supports.

STATE REGULATORY AFFAIRS (continued)

- APL22-002 Alternative Format Selection for Members with Visual Impairments (Issued 03/14/2022)

  The APL is to provide information about the DHCS processes to ensure effective communication with members with visual impairments or other disabilities requiring the provision of written materials in alternative formats, by tracking members' alternative format selections.

- APL22-003 Medi-Cal Managed Care Health Plan Responsibility to Provide Services to Members with Eating Disorders (Issued 03/17/2022)

  The APL clarifies and gives guidance for Medi-Cal managed care health plans regarding their responsibility to coordinate and provide medically necessary services for members who are diagnosed with feeding and eating disorders and are currently receiving Specialty Mental Health Services from a county Mental Health Plan.

- APL22-004 Strategic Approaches for Use By Managed Care Plans to Maximize Continuity of Coverage as Normal Eligibility and Enrollment Operations Resume (Issued 03/17/2022)

  The APL provides instruction to Medi-Cal managed care health plans about strategies that must be used in collaboration with counties to help ensure eligible beneficiaries retain coverage in Medi-Cal and ease transitions for individuals eligible for coverage through Covered California as the DHCS prepares for the resumption of normal operations after the end of the COVID-19 Public Health Emergency.

Continued...

STATE REGULATORY AFFAIRS (continued)

- APL 22-005 No Wrong Door For Mental Health Services Policy (issued 03/30/2022)

  This APL provides guidance and clarification regarding the No Wrong Door for Mental Health Services policy. This policy ensures that members receive timely mental health services without delay regardless of the delivery system where they seek care and that members are able to maintain treatment relationships with trusted providers without interruption.

DHCS also issued two additional directives, outside of APLs:

- Housing and Homeless Initiative (Issued 02/24/2022 & 03/08/2022)

  DHCS is implementing the Housing and Homelessness Incentive Program (HHIP) from January 1, 2022 to December 31, 2023. HHIP aims to improve health outcomes and access to whole person care services by addressing housing insecurity and instability as a social determinant of health for the Medi-Cal population.

- Physician Administered Drugs (PAD) (Issued 04/04/2022)

  DHCS issued this notice to remind MCPs of their responsibilities to oversee and monitor coverage for all medically necessary PADs. Specifically, MCPs are obligated to make payments to providers billing for PADs on medical and institutional claims. MCPs are required to establish and clearly communicate coverage and billing policy to network providers. In addition, MCPs are required to ensure care management and coordination consistent with contractual obligations to ensure access to medically necessary PADs.

Continued...

STATE REGULATORY AFFAIRS (continued)

The Department of Managed Health Care (DMHC) released four new All Plan Letters (APL) since the February 2022 Kern Health Systems Board of Directors' meeting.

- APL 22-007 DPN Monitoring and Annual Reporting Changes (Issued 03/04/2022)

  The APL provides changes to monitoring and the submission requirements for the Timely Access Compliance Report and Annual Network Report for the reporting years of 2023 and 2024.

- APL 22-008 2022 Annual Assessments (Issued 03/09/2022)

  The *Report of Enrollment Plan* is an online form to be filed electronically, via the Department's eFiling web portal, on or before May 15, 2022. The enrollment numbers reported in the *Report of Enrollment Plan* will be compared with the health plan's enrollment numbers included in Report #4: Enrollment and Utilization Table, filed with the March 31, 2022 quarterly financial statements.

- APL 22-009 Provider Directory Annual Filing Requirements (Issued 03/16/2022)

  California Health and Safety Code section 1367.27, subdivision (m), requires health care service plans to annually submit provider directory policies and procedures to the Department of Managed Health Care. Attached are the Department's Provider Directory Checklist – Annual Filing, and Model Section 1376.27 Annual Compliance Filing Exhibit E-1. The deadline to submit the required filing for 2022 is on or before April 15, 2022.

Continued...

STATE REGULATORY AFFAIRS (continued)

- APL 22-010 Guidance Regarding AB 1184 - Confidentiality of Medical Information (Issued 03/17/2022)

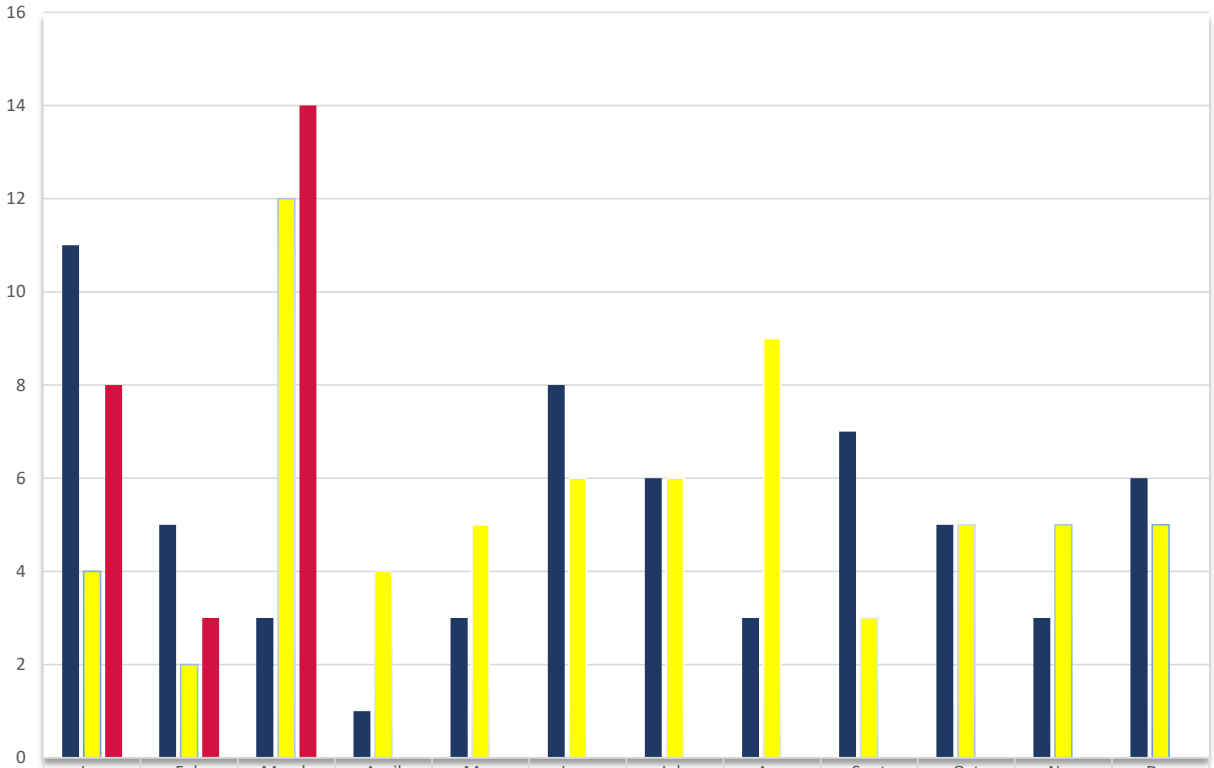
  On September 22, 2021, Governor Gavin Newsom signed AB 1184, which amends the Confidentiality of Medical Information Act to require plans to take specified steps to protect the confidentiality of a subscriber's or enrollee's medical information. As an example, not disclosing medical information related to sensitive health care services provided to a protected individual to the primary subscriber or any plan enrollees other than the protected individual receiving care, absent an express authorization of the protected individual.

  Note: DMHC released an additional two APLs that were not applicable to Kern Health Systems (KHS).

Continued...

KERN HEALTH SYSTEMS

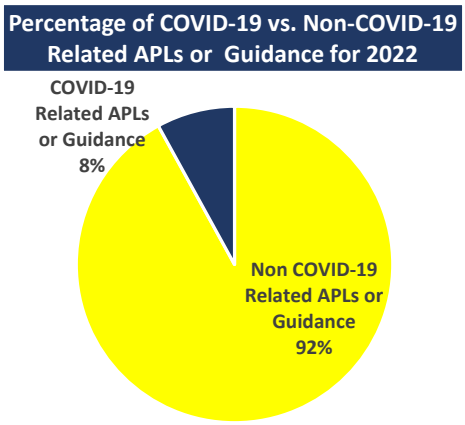
Number of Regulatory All Plan Letters and Guidance Letters Received by the Plan by Month and Year

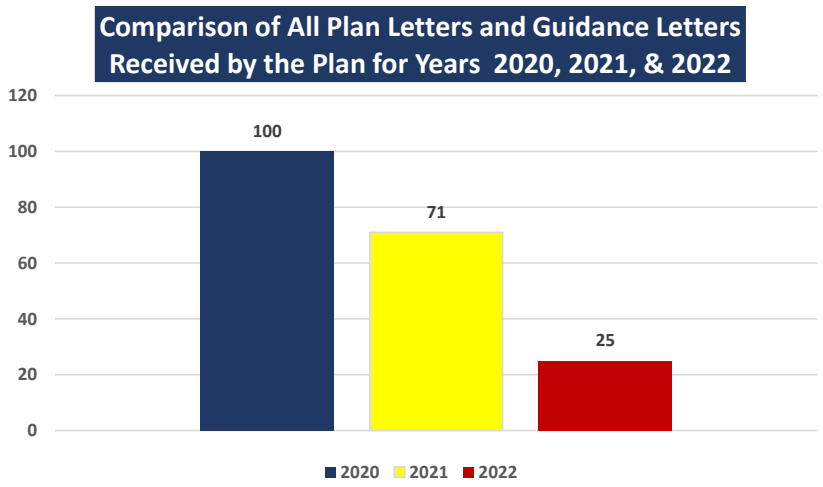


	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
2020	11	5	3	1	3	8	6	3	7	5	3	6
2021	4	2	12	4	5	6	6	9	3	5	5	5
2022	8	3	14									

COVID-19 Impact 2022

Regulatory All Plan Letters and Guidance





KERN HEALTH SYSTEMS

Number of Regulatory Reports & Filings
Submissions to Government Agencies
February 2022 and March 2022

Regulatory Agency	February 2022		March 2022	
	Ad Hoc	Standard	Ad Hoc	Standard
DHCS	19	15	17	14
DMHC	0	4	0	3

KERN HEALTH SYSTEMS

Regulatory Audits

Department of Managed Health Care (DMHC)

2020 DMHC Non-Routine Survey:

- The Plan is waiting for the DMHC to provide the Preliminary Report of the Non-Routine Survey.

2022 DMHC Routine Fiscal and Administrative Affairs Audit – March 2022:

The DMHC initiated a routine Fiscal and Administrative Affairs (Financial) Audit in March of 2022.

- KHS provided multiple pre-audit deliverables due 02/15/2022 and 04/01/2022 .
- The DMHC held an Entrance Meeting to kick off the audit on 03/23/2022.
- KHS Stakeholders are currently meeting with DMHC auditors daily to answer questions and provide additional supporting documentation on the Claims and Provider Dispute portions of the audit.

DMHC Routine Medical Survey – January 2023:

KHS is scheduled for a DMHC Routine Medical Survey in January of 2023.

Regulatory Audits (continued)

Department of Health Care Services (DHCS)

2021 Medical Audit – September 2021

The DHCS conducted a Routine Medical Survey of Kern Health Systems from September 13, 2021 through September 24, 2021. The survey period was from August 1, 2019 through July 31, 2021.

- High Level Summary:
  - KHS received the Final Audit Reports on February 7, 2022.
  - For the State Supported Services Audit Report, DHCS did not identify any deficiencies.
  - For the Main Contract Audit Report, DHCS found fourteen (14) areas recommended for improvement which are summarized and presented under Agenda item # 20 of the Board Packet.
  - On 03/11/2022KHS submitted our plan of correction following DHCS's recommendations also included under Agenda item #20 of the Board Packet.
  - The final acceptance of the plan generally takes several months
  - Compliance has established follow-up internal monitoring, audits, and/or tracking mechanisms to ensure success of the actions taken

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

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

Fraud, Waste, & Abuse
Allegations Reported to the Plan
February 2022 and March 2022

Members:

During months of February 2022 and March 2022, the Compliance Department received three allegations of fraud, waste, or abuse involving Plan Members.

Providers:

During months of February 2022 and March 2022, the Compliance Department received eleven allegations of Provider fraud from the public.

The Plan is investigating the allegations.

KERN HEALTH SYSTEMS

KERN HEALTH SYSTEMS

Compliance Department
HIPAA Breach Activity
February 2022 and March 2022

Summary of Potential Protected Health Information ("PHI") Disclosures for February 2022 and March 2022

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 February and March 2022, the Compliance Department investigated and reviewed three allegations of privacy concerns. All three were closed as non-breaches.

Attachment B

Legislative Summary – April 2022

Title	Description	Status
ACA 11 (Kalra)	Imposes an excise tax, payroll taxes, and a State Personal Income CalCare Tax at specified rates to fund comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of every resident of the state, as well as reserves deemed necessary to ensure payment, to be established in statute. The measure would authorize the Legislature, upon an economic analysis determining insufficient amounts to fund these purposes, to increase any or all of these tax rates by a statute passed by majority vote of both houses of the Legislature. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220ACA11	01/06/22 - From printer. May be heard in committee February 5.
AB 4 (Arambula)	Would, effective January 1, 2022, extend eligibility for full scope Medi-Cal benefits to anyone regardless of age, and who is otherwise eligible for those benefits but for their immigration status, pursuant to an eligibility and enrollment plan. The bill would require the eligibility and enrollment plan to ensure that an individual maintains continuity of care with respect to their primary care provider, as prescribed, would provide that an individual is not limited in their ability to select a different health care provider or Medi-Cal managed care health plan, and would require the department to provide monthly updates to the appropriate policy and fiscal committees of the Legislature on the status of the implementation of these provisions. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB4	LHPC/CAHP Support 08/26/21 - In committee: Held under submission.

AB 32 (Aguiar-Curry)	This bill would require telehealth payment parity provisions to apply to Medi-Cal managed care plans. The bill would subject county organized health systems, and their subcontractors, that provide services under the Medi-Cal program to the above-described Knox-Keene requirements relative to telehealth. The bill would authorize a provider to enroll or recertify an individual in Medi-Cal programs through telehealth and other forms of virtual communication, as specified. The bill would also require the department, in consultation with various stakeholders, to develop one or more alternative payment models, as specified, and to submit and seek federal approval of the state plan amendment necessary for the implementation of those provisions to be effective no later than January 1, 2025. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB32	CAHP Concern 7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).
AB 114 (Maienschein)	Would expand the Medi-Cal schedule of benefits to include rapid Whole Genome Sequencing, as specified, for any Medi-Cal beneficiary who is one year of age or younger and is receiving inpatient hospital services in an intensive care unit. This bill would make diagnosis-related group-based payments also inapplicable to claims for the above-described rapid Whole Genome Sequencing. The bill would specify that rapid Whole Genome Sequencing would be reimbursed in addition to, and separate from, a diagnosis-related group-based payment for any other qualifying claim for other services provided to the same individual. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB114	8/27/2021 - Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. on 6/16/2021) (May be acted upon Jan 2022)

AB 552 (Quirk-Silva)	This bill would authorize the Integrated School-Based Behavioral Health Partnership Program, which the bill would establish, to provide prevention and early intervention for, and access to, behavioral health services for pupils. The bill would authorize a county behavioral health agency and the governing board or governing body of a local educational agency to agree to collaborate on conducting a needs assessment on the need for school-based mental health and substance use disorder services, and implement an integrated school-based behavioral health partnership program, to develop a memorandum of understanding outlining the requirements for the partnership program, and to enter into a contract for mental health or substance use disorder services. The bill would require a county behavioral health agency to provide, through its own staff or through its network of contracted community-based organizations, one or more behavioral health professionals that meet specified contract, licensing, and supervision requirements to serve pupils with serious emotional disturbances or substance use disorders, or who are at risk of developing a serious behavioral health condition. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB552	02/01/22 - In Senate. Read first time. To Com. on RLS. for assignment.
AB 586 (O'Donnell)	This bill would establish, within the State Department of Education, the School Health Demonstration Project, a pilot project, to be administered by the department, in consultation with the State Department of Health Care Services, to expand comprehensive health and mental health services to public school pupils by providing training and support services to selected local educational agencies to secure ongoing Medi-Cal funding for those health and mental health services, as provided. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB586	7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).
AB 1130 (Wood)	This bill would establish, within HCAI, the Office of Health Care Affordability to analyze the health care market for cost trends and drivers of spending, develop data-informed policies for lowering health care costs for consumers and purchasers, set and enforce cost targets, and create a state strategy for controlling the cost of health care and ensuring affordability for consumers and purchasers. The bill would require the board to establish a statewide health care cost target, as defined, for the 2025 calendar year and specific targets for each health care sector and geographic region by 2028. The bill, starting in 2026, would authorize the office to take progressive actions against health care entities for failing to meet the cost targets, including performance improvement plans and escalating administrative penalties. The bill would require the office to set priority standards for various health care metrics, including health care quality and equity, alternative payment models, primary care and behavioral health investments, and health care	02/14/22 - Read second time, amended, and re-referred to Com. on HEALTH.

	workforce stability. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1130	
AB 1132 (Wood)	No sooner than January 1, 2023, the bill would require the department to develop and implement a mandatory process for county jails and county juvenile facilities to coordinate with Medi-Cal managed care plans and Medi-Cal behavioral health delivery systems to facilitate continued behavioral health treatment in the community for inmates, as specified, and would authorize the sharing of prescribed data with and among counties and other specified entities, as determined necessary by the department. The bill would require the department to develop standardized screening tools and statewide transition tools, and to require the use of these tools after those tools have been field tested. Would allow Medi-Cal beneficiaries to receive both specialty and non-specialty mental health services from each delivery system if not duplicated. This bill would make specified portions of the CCI operative only through December 31, 2022, as specified, and would repeal its provisions on January 1, 2025. The bill would also require Medi-Cal managed care plans to operate, or continue to operate, a Medicare Advantage Dual Special Needs Plan, commencing January 1, 2023, in CCI counties, and, commencing January 1, 2025, in all other counties, as specified. The bill would make various changes to the CCI component of the CalAIM initiative, including requiring the department to convene, in collaboration with the State Department of Social Services, a workgroup to address specified matters relating to the transition of beneficiaries residing in certain facilities from the Medi-Cal fee-for-service delivery system to the Medi-Cal managed care delivery system. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1132	7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).

AB 1355 (Levine)	This bill would require the department to establish the Independent Medical Review System (IMRS) for the Medi-Cal program, commencing on January 1, 2022, which generally models the above-described requirements of the Knox-Keene Health Care Service Plan Act. The bill would provide that any Medi-Cal beneficiary grievance involving a disputed health care service is eligible for review under the IMRS, and would define "disputed health care service" as any service covered under the Medi-Cal program that has been denied, modified, or delayed by a decision of the department, or by one of its contractors that makes a final decision, in whole or in part, due to a finding that the service is not medically necessary. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1355	01/27/22 - In Senate. Read first time. To Com. on RLS. for assignment.
AB 1892 (Flora)	Existing law prohibits Medi-Cal reimbursement for prosthetic and orthotic appliances from exceeding 80% of the lowest maximum allowance for California established by the federal Medicare program. This bill would instead require reimbursement for these appliances to be set at 80% of the lowest maximum allowance for California established by the federal Medicare program and would require that reimbursement to be adjusted annually. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1892	03/24/22 - Re-referred to Com. on HEALTH.
AB 1900 (Arambula)	Under existing law, certain medically needy persons with higher incomes qualify for Medi-Cal with a share of cost, if they meet specified criteria. Under existing law, the share of cost for those persons is generally the total after deducting an amount for maintenance from the person's monthly income. Existing law requires the department to establish income levels for maintenance at the lowest levels that reasonably permit a medically needy person to meet their basic needs for food, clothing, and shelter, and for which federal financial participation will still be provided under applicable federal law. Under existing law, for a single individual, the amount of the income level for maintenance per month is based on a calculation of 80% of the highest amount that would ordinarily be paid to a family of 2 persons, without any income or resources, under specified cash assistance provisions, multiplied by the federal financial participation rate, adjusted as specified. This bill, to the extent that any necessary federal authorization is obtained, would increase the above-described income level for maintenance per month to be equal to the income limit for Medi-Cal without a share of cost for individuals who are 65 years of age or older or are disabled, generally totaling 138% of the federal poverty level. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1900	03/23/22 - From committee: Do pass and re-refer to Com. on APPR.

AB 1929 (Gabriel)	This bill would require the department to establish a community violence prevention and recovery program, under which violence preventive services would be provided by qualified violence prevention professionals, as defined, as a covered benefit under the Medi-Cal program, in order to reduce the incidence of violent injury or reinjury, trauma, and related harms, and promote trauma recovery, stabilization, and improved health outcomes. Under the bill, the services would be available to a Medi-Cal beneficiary who (1) has been violently injured as a result of community violence, as defined, (2) for whom a licensed health care provider has determined that the beneficiary is at significant risk of experiencing violent injury as a result of community violence, or (3) has experienced chronic exposure to community violence. The bill would authorize the department to meet these requirements by ensuring that qualified violence prevention professionals are designated as community health workers. The bill would set forth training and certification and continuing education requirements for those professionals, as specified, and would require the department to approve one or more training and certification programs with certain curriculum components. The bill would require an entity that employs or contracts with a qualified violence prevention professional to take specified actions to ensure the professional's compliance with these requirements. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1929	03/29/22 - In committee: Set, first hearing. Hearing canceled at the request of author.
AB 1930 (Arambula)	This bill, during the one-year post pregnancy eligibility period, and as part of comprehensive perinatal services under Medi-Cal, would require the department to cover additional comprehensive perinatal assessments and individualized care plans and to provide additional visits and units of services in an amount, duration, and scope that are at least proportional to those available on July 27, 2021, during pregnancy and the initial 60-day post pregnancy period in effect on that date. The bill would require the department to collaborate with the State Department of Public Health and a broad stakeholder group to determine the specific number of additional comprehensive perinatal assessments, individualized care plans, visits, and units of services to be covered. The bill would also require the department to seek any necessary federal approvals to allow a nonlicensed perinatal health worker rendering those preventive services to be supervised by (1) an enrolled Medi-Cal provider that is a clinic, hospital, community-based organization (CBO), or licensed practitioner, or (2) a CBO that is not an enrolled Medi-Cal provider, so long as an enrolled Medi-Cal provider is available for Medi-Cal billing purposes. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1930	03/17/22 - Re-referred to Com. on HEALTH.

AB 1937 (Patterson)	This bill would require the department, on or before 7/1/23, to establish a health expense account program for pregnant Medi-Cal beneficiaries and pregnant subscribers of the Medi-Cal Access Program. The bill would make a Medi-Cal beneficiary who is pregnant or a pregnant subscriber of the Medi-Cal Access Program eligible for reimbursement for "out-of-pocket pregnancy-related costs," as specified, in an amount not to exceed $1,250. The bill would require the person to submit the request for reimbursement within 3 months of the end of the pregnancy in order to be reimbursed. The bill would require the department to contract out for purposes of implementing the health expense account program, as specified. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1937	03/17/22 - Re-referred to Com. on HEALTH.
AB 1944 (Lee)	This bill would specify that if a member of a legislative body elects to teleconference from a location that is not public, the address does not need to be identified in the notice and agenda or be accessible to the public when the legislative body has elected to allow members to participate via teleconferencing. This bill would require all open and public meetings of a legislative body that elects to use teleconferencing to provide a video stream accessible to members of the public and an option for members of the public to address the body remotely during the public comment period through an audio-visual or call-in option. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1944	02/18/22 - Referred to Com. on L. GOV.
AB 1995 (Arambula)	This bill would eliminate the premiums and subscriber contributions for low-income children whose family income exceed 160% FPL, subscribers to Medi-Cal Access Program and those employed persons with disabilities who are eligible for Medi-Cal benefits. This bill would, as of July 1, 2022, prohibit the department from imposing copayments on recipients of specified services, to the extent allowable by federal law. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1995	03/28/22 - Re-referred to Com. on APPR.
AB 2080 (Wood)	Would prohibit a contract issued, amended, or renewed on or after January 1, 2023, between a health care service plan or health insurer and a health care provider or health facility from containing terms that, among other things, restrict the plan or insurer from steering an enrollee or insured to another provider or facility or require the plan or insurer to contract with other affiliated providers or facilities. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2080	02/24/22 - Referred to Coms. on HEALTH and JUD.

AB 2117 (Gipson)	This bill would require a health care service plan contract or a health insurance policy that is issued, amended, or renewed on or after January 1, 2023, and that provides coverage for emergency health care services to include coverage for services performed by a mobile stroke unit, as defined. Defines "mobile stroke unit" to mean a multijurisdictional mobile facility that serves as an emergency response critical care ambulance under the direction and approval of a local emergency medical services (EMS) agency, and as a diagnostic, evaluation, and treatment unit, providing radiographic imaging, laboratory testing, and medical treatment under the supervision of a physician in person or by telehealth, for patients with symptoms of a stroke, to the extent consistent with any federal definition of a mobile stroke unit, as specified. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2117	02/24/22 - Referred to Com. on HEALTH.
AB 2304 (Mia Bonta)	Declares the intent of the Legislature to enact the Wilma Chan Food as Medicine Act of 2022. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2304	02/17/22 - From printer. May be heard in committee March 19.
AB 2317 (Ramos)	This bill would include inpatient psychiatric services to individuals under 21 years of age provided in a licensed children's crisis psychiatric residential treatment facility as mental health services provided under the Medi-Cal program. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2317	03/03/22 - Referred to Com. on HEALTH.
AB 2352 (Nazarian)	Requires a health care service plan or health insurer that provides prescription drug benefits and maintains one or more drug formularies to furnish specified information about a prescription drug upon request by an enrollee or insured, or their health care provider. The bill would require the plan or insurer to respond in real time to that request and ensure the information is current no later than one business day after a change is made. The bill would prohibit a health care service plan or health insurer from, among other things, restricting a health care provider from sharing the information furnished about the prescription drug or penalizing a provider for prescribing a lower cost drug. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2352	CAHP Oppose Unless Amended 03/03/22 - Referred to Com. on HEALTH.

AB 2402 (Blanca Rubio)	Under this bill, a child under 5 years of age would be continuously eligible for Medi-Cal, including without regard to income, until the child reaches 5 years of age. The bill would prohibit the redetermination of Medi-Cal eligibility before the child reaches 5 years of age, unless the department or county possesses facts indicating that the family has requested the child's voluntary disenrollment, the child is deceased, the child is no longer a state resident, or the child's original enrollment was based on a state or county error or on fraud, abuse, or perjury, as specified. Would remove the requirement for providing income information at the end of the 12 months, and would instead require that the infant remain continuously eligible for the Medi-Cal program until they are 5 years of age, as specified, to the extent that any necessary federal approvals are obtained and federal financial participation is available. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2402	03/30/22 - From committee: Do pass and re-refer to Com. on APPR.
AB 2449 (Rubio)	This bill would authorize a local agency to use teleconferencing without complying with specified Brown Act teleconferencing requirements if at least a quorum of the members of the legislative body participates in person from a singular location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. The bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2449	03/03/22 - Referred to Com. on L. GOV.
AB 2516 (Aguiar-Curry)	Under "comprehensive clinical family planning services", this bill would add coverage of the HPV vaccine per FDA guidelines. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2516	03/10/22 - Referred to Com. on HEALTH.
AB 2581 (Salas)	Effective 1/1/23, would require a health care service plan that provides coverage for mental health and substance use disorders and credentials health care providers of those services for the health care service plan's networks, to assess and verify the qualifications of a health care provider within 45 days after receiving a completed provider credentialing application. The bill would authorize an applicant to make a written request for a temporary credential if the health care service plan has not approved or denied the completed application within 45 days of receipt, and would require the health care service plan to issue the temporary credential, unless the applicant has reported a history of malpractice, substance abuse or mental health issues, or disciplinary action on their application.	03/10/22 - Referred to Com. on HEALTH.

	https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2581	
AB 2659 (Patterson)	This bill would require a Medi-Cal managed care plan to have within its provider network at least one licensed midwife (LM) and certified-nurse midwife (CNM) within each county where the Medi-Cal managed care plan provides services to Medi-Cal beneficiaries. The bill would exempt a Medi-Cal managed care plan from that requirement for purposes of a given county if no LM or CNM is available in that county or if no LM or CNM in that county accepts Medi-Cal payments. If a Medi-Cal managed care plan is exempt from that requirement, the bill would require the Medi-Cal managed care plan to reevaluate its network adequacy for midwifery care in the county on an annual basis and to make a good faith effort to work with the appropriate professional midwifery organizations for LMs and CNMs, and their respective licensing and regulatory agencies, to assist in determining the availability of midwives in the county who accept Medi-Cal payments. The bill would also require a Medi-Cal managed care plan to have within its provider network at least one licensed alternative birth center specialty clinic within each county where the Medi-Cal managed care plan provides services to Medi-Cal beneficiaries provided that at least one qualified licensed alternative birth center specialty clinic is available in that county and is willing to contract with the Medi-Cal managed care plan. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2659	03/22/22 - Re-referred to Com. on HEALTH.
AB 2680 (Arambula)	This bill would require the department to create the Community Health Navigator Program to make direct grants to qualified community-based organizations, as defined, to conduct targeted outreach, enrollment, retention, and access activities for Medi-Cal-eligible individuals and families. The bill would specify the basis for issuing a grant, including specified factors in the applicant's service area. The bill would require the department to contract with a private foundation to administer the grant application and allocation process. The bill would require the department to contract with specified providers to furnish training and technical assistance to grant recipients. The bill would also require the department to coordinate and partner with Covered California and counties that elect to participate, on an approach for outreach, enrollment, retention, and access activities for marketing to eligible individuals, including development of a joint application tracker system to allow specified persons and entities to track application and referrals between commercial and Medi-Cal enrollment progress and facilitation of quarterly meetings on enrollment and access barriers and solutions, among other requirements. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2680	03/10/22 - Referred to Com. on HEALTH.

AB 2697 (Aguiar-Curry)	This bill would require the department to implement a community health workers (CHW) and promotores benefit under the Medi-Cal program, subject to receipt of any necessary federal approvals and the availability of federal financial participation. Under the bill, CHW and promotores services would be preventive services, as defined under federal law, and would be designed for certain target populations based on health conditions and need for services, for Medi-Cal beneficiaries in the managed care or fee-for-service delivery system. The bill would require CHW and promotores, as defined, to provide health education and navigation, as specified. Under the bill, provision of the services would be subject to referral by a physician or other licensed practitioner of the healing arts within their scope of practice under state law. The bill would require the department, in collaboration with CHW and promotores stakeholders, to implement and evaluate the benefit, including the development of detailed policy guidance, letters, manuals, and other documents. If the benefit is implemented, the bill would require a Medi-Cal managed care plan to develop an annual outreach and education plan for enrollees and another for providers, including notices and materials containing specified information about the CHW and promotores benefit. The bill would require these outreach and education efforts to, among other things, meet cultural and linguistic appropriateness standards and be subject to review and approval by the department, as specified. The bill would also require a Medi-Cal managed care plan to conduct an annual assessment of CHW and promotores capacity and enrollee need, and to share the assessments with the department, including specified data. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2697	03/28/22 - Re-referred to Com. on HEALTH.
AB 2724 (Arambula)	This bill would authorize the department to enter into one or more comprehensive risk contracts with an alternate health care service plan (AHCSP), as defined, to serve as a primary Medi-Cal managed care plan for specified eligible beneficiaries in geographic regions designated by the department. Under the bill, except where an AHCSP is already contracted with the department as a Medi-Cal managed care plan as of January 1, 2022, contracts entered into pursuant to these provisions would be effective no sooner than January 1, 2024, as specified. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2724	03/28/22 - Re-referred to Com. on HEALTH.

AB 2727 (Wood)	Existing law states the intent of the Legislature to provide, to the extent practicable, through the Medi-Cal program, for health care for those aged and other persons, including family persons who lack sufficient annual income to meet the costs of health care, and whose other assets are so limited that their application toward the costs of that care would jeopardize the person or family's future minimum self-maintenance and security. This bill would, commencing on January 1, 2024, remove from that statement of legislative intent the above-described assets as an eligibility criterion. The bill would also make other changes to that statement. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2727	03/31/22 - Read second time. Ordered to third reading.
AB 2783 (Waldron)	This bill would state the intent of the Legislature to enact legislation relating to health care coverage. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB2783	02/19/22 - From printer. May be heard in committee March 21.
AB 2786 (Stone)	This bill would expand the Children's Crisis Continuum pilot program to provide services to Medi-Cal eligible youth in addition to foster youth. The bill would define Medi-Cal eligible youth to include a child or youth who is a Medi-Cal beneficiary and who meets medical necessity standards for the care components in the crisis continuum pilot program. The bill would include respite care as a component of the continuum of services provided by the pilot program to allow primary caregivers of Medi-Cal eligible youth and resource family caregivers of foster youth to access periods of relief from full-time caregiving duties. The bill would extend the date for proposals to be submitted to no later than January 31, 2023, and the date for grant funds to be disbursed to no later than March 31, 2023. The bill would extend the deadline for the department to issue guidance through all-county letters or similar instructions to March 1, 2023. The bill would also revise the time for submission of the interim report to the Legislature to 4 years after the date of the appropriation for administration of the grant program. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2786	03/17/22 - Referred to Coms. on HUM. S. and HEALTH.

AB 2813 (Santiago)	This bill would require the department, upon appropriation, in conjunction with an unspecified board operating under the auspices of the State Treasurer, to establish and administer a Long-Term Services and Supports Benefits Program with the purpose of providing supportive care to aging Californians and those with physical disabilities. The bill would establish the Long-Term Services and Supports Benefit Program Fund and would require the department and the board to administer the program using proceeds from the fund. The bill would require an individual to have paid into the fund for an unspecified number of years to be eligible to receive benefits pursuant to the program. The bill would authorize the maximum amount of benefit available to an eligible individual to exceed the amount the individual contributed into the fund. The bill would authorize eligible individuals to use the benefits pursuant to the program for specified services, including in-home support services support for an individual in need of assistance for at least 2 activities of daily living. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2813	03/17/22 - Referred to Coms. on AGING & L.T.C. and HUM. S.
SB 56 (Durazo)	This bill would, subject to an appropriation by the Legislature, and effective July 1, 2022, extend eligibility for full-scope Medi-Cal benefits to individuals who are 60 years of age or older, and who are otherwise eligible for those benefits but for their immigration status. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB56	CAHP/LHPC Support 8/27/2021 - Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. on 6/22/2021)(May be acted upon Jan 2022)
SB 245 (Gonzalez)	Effective 1/1/23, the bill would prohibit a health care service plan and a health insurer from imposing utilization management or utilization review on the coverage for outpatient abortion services. The bill's requirements would also apply to Medi-Cal managed care plans. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB245	CAHP Oppose 03/22/22 - Chaptered by Secretary of State. Chapter 11, Statutes of 2022.

SB 250 (Pan)	Authorizes the Department of Managed Health Care as appropriate to review a plan's clinical criteria, guidelines, and utilization management policies to ensure compliance with existing law. If the criteria and guidelines are not in compliance with existing law, the bill would require the Director to issue a corrective action and send the matter to enforcement, if necessary. Requires a plan to report, among other things, its average number of denied prospective utilization review requests, as specified. Requires a plan to examine a physician's record of prospective utilization review requests during the preceding 12 months and grant the physician "deemed approved" status for 2 years, meaning an exemption from the prospective utilization review process, if specified criteria are met. The bill would authorize a plan to request an audit of a physician's records after the initial 2 years of a physician's deemed approved status and every 2 years thereafter, and would specify the audit criteria by which a physician would keep or lose that status. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB250	CAHP Opposed / LHPC Concern 7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11)

SB 256 (Pan)	This bill would establish the CalAIM initiative subject to federal approval. Includes standardizing those populations that are subject to mandatory enrollment in a Medi-Cal managed care plan across aid code groups and Medi-Cal managed care models. Commencing January 1, 2023, the bill would require the department to implement the Population Health Management Program under the Medi-Cal managed care delivery system to improve health outcomes, care coordination, and efficiency through application of standardized health management requirements. The bill would require the department to require each Medi-Cal managed care plan to develop and maintain a beneficiary-centered population health management program that meets specified standards, including identifying and mitigating social determinants of health and reducing health disparities or inequities. Would require the department to implement an enhanced care management (ECM) benefit designed to address the clinical and nonclinical needs on a whole-person-care basis for certain target populations of Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans, as specified. The bill would require Medi-Cal managed care plans to consult and collaborate with county mental health plans for the delivery of ECM services for beneficiaries with certain health conditions, including serious mental illness, to maximize federal reimbursement and minimize duplication of services. The bill would require the department to require those plans to report specified information related to the ECM benefit. Would require the department to authorize Medi-Cal managed care plans to elect to cover in lieu of services. The bill would provide that in lieu of services include specified services, such as housing transition navigation services, recuperative care, and asthma remediation. Would require the department to make incentive payments available to qualifying Medi-Cal managed care plans that meet predefined milestones and metrics associated with implementation of applicable components of the CalAIM initiative. Would authorize the department to establish capitation rates to contracted health plans on a regional basis in lieu of health plan and county-specific rates, and would require the department to consult with affected entities and individuals, included consumer representatives. http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB256	7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).

SB 293 (Limón)	By 1/1/22, this bill would require the department to develop standard forms, including intake and assessment forms, relating to medical necessity criteria, mandatory screening and transition of care tools, and documentation requirements pursuant to specified terms and conditions, and, for purposes of implementing these provisions, would require the department to consult with representatives of identified organizations, including the County Behavioral Health Directors Association of California. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB293	8/27/2021 - Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. on 7/6/2021)(May be acted upon Jan 2022)
SB 316 (Eggman)	This bill would authorize FQHC reimbursement for a maximum of 2 visits taking place on the same day at a single location if after the first visit the patient suffers illness or injury requiring additional diagnosis or treatment, or if the patient has a medical visit and a mental health visit or a dental visit, as defined. After the department approves a rate adjustment, authorizes to bill a medical visit and a mental health visit that take place on the same day at a single location as separate visits, in accordance with the bill. This bill would also include a licensed acupuncturist within those health professionals covered under the definition of a "visit." http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB316	LHPC/CAHP Support 09/09/21 - Ordered to inactive file on request of Assembly Member Reyes.
SB 371 (Caballero)	Would require any federal funds California Health and Human Services Agency (CHHSA) receives for health information technology and exchange to be deposited in the California Health Information Technology and Exchange Fund. The bill would authorize CHHSA to use the fund to provide grants to health care providers to implement or expand health information technology and to contract for direct data exchange technical assistance for safety net providers. The bill would also require a health care provider, health system, health care service plan, or health insurer that engages in health information exchange to comply with specified federal standards. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB371	7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).

SB 402 (Hurtado)	By 6/1/22 (or within 90-days of receiving funding if after 6/1/22), Requires HHS to convene a Multipayer Payment Reform Collaborative composed of specified individuals and entities, including representatives of organizations representing consumers and the Secretary of California Health and Human Services, and would require the collaborative to propose to the agency Multipayer Payment Reform Pilots (pilots) for the purpose of establishing pilots for primarily fee-for-service primary care practices in areas hit hardest by the COVID-19 pandemic. The pilots would be established by 1/1/23. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB402	08/26/21 - August 26 hearing: Held in committee and under submission.
SB 523 (Leyva)	This bill, the Contraceptive Equity Act of 2021, would make various changes to expand coverage of contraceptives by a health care service plan contract or health insurance policy issued, amended, renewed, or delivered on and after January 1, 2022, including requiring a health care service plan or health insurer to provide point-of-sale coverage for over-the-counter FDA-approved contraceptive drugs, devices, and products at in-network pharmacies without cost sharing or medical management restrictions. The bill would also require coverage for clinical services related to the provision or use of contraception, as specified. The bill would revise provisions applicable when a covered, therapeutic equivalent of a drug, device, or product is deemed medically inadvisable by deferring to the attending provider, as specified. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB523	CAHP Opposed 08/26/21 - August 26 hearing postponed by committee.
SB 562 (Portantino)	This bill would revise the definition of behavioral health treatment to require the services and treatment programs provided to be based on behavioral, developmental, relationship-based, or other evidence-based models. The bill also would expand the definition of a “qualified autism service professional” to include behavioral service providers who meet specified educational and professional or work experience qualifications, and to expressly include licensed occupational therapy assistants. The bill would revise the definition of a “qualified autism service paraprofessional” by deleting the reference to an unlicensed and uncertified individual and by requiring the individual to comply with revised educational and training, or professional, requirements. The bill would also revise the definitions of both a qualified autism service professional and a qualified autism service paraprofessional to include the requirement that these individuals complete a background check by the Department of Justice. This bill would require the qualified autism service provider to design an intervention plan that includes parent or caregiver participation, when clinically appropriate, that is individualized to the patient, or to develop an alternative plan if a parent or caregiver cannot participate, as specified. The bill would prohibit using the lack of parent or caregiver participation, implementation of an alternative plan, or the setting, location, or time of	CAHP Oppose 09/10/21 - Ordered to inactive file on request of Assembly Member Reyes.

	treatment as a reason to deny or reduce medically necessary services. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB562	
SB 773 (Roth)	This bill would, commencing with the January 1, 2022, rating period, and through December 31, 2024, require the department to make incentive payments to qualifying Medi-Cal managed care plans that meet predefined goals and metrics associated with targeted interventions, rendered by school-affiliated behavioral health providers, that increase access to preventive, early intervention, and behavioral health services for children enrolled in kindergarten and grades 1 to 12, inclusive, at those schools. The bill would require the department to consult with certain stakeholders on the development of interventions, goals, and metrics, to determine the amount of incentive payments, and to seek any necessary federal approvals. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB773	7/14/2021 - Failed Deadline pursuant to Rule 61(a)(11).
SB 853 (Wiener)	This bill would expand prohibitions to prohibit limiting or excluding coverage of a dose of a drug or dosage form. The bill would require a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2023, that covers prescription drug benefits to provide coverage for a drug, dose of a drug, or dosage form during utilization review and any appeals if that drug has been previously approved for a medical condition of the enrollee or insured and has been prescribed by a health care provider. The bill would prohibit a plan or insurer from seeking reimbursement for that coverage if the final utilization review decision is to deny coverage for the prescription drug, dose, or dosage form. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB853	03/29/22 - Set for hearing April 20.

SB 858 (Wiener)	This bill would increase the maximum base amount of the civil penalty from $2,500 per violation to $25,000 per violation, which would be adjusted annually commencing January 1, 2024, as specified. The bill would multiply the amounts of other specified civil and administrative penalties by 4, commencing January 1, 2023, and would also annually adjust those penalties, commencing January 1, 2024. The bill would authorize the director to impose a corrective action plan to require future compliance with the act, under certain circumstances. If a health care service plan fails to comply with the corrective action plan in a timely manner, the bill would require the department to monitor the health care service plan through medical surveys, financial examinations, or other means necessary to ensure timely compliance. The bill would require the director, when assessing administrative penalties against a health care service plan, to determine the appropriate amount of the penalty for each violation, based upon consideration of specified factors, such as the nature, scope, and gravity of the violation, whether the violation is an isolated incident, and the amount of the penalty necessary to deter similar violations in the future. The bill would require the director to provide a written explanation of the amount of the penalty, including the factors the director relied upon in assessing that amount. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB858	03/29/22 - Set for hearing April 20.
SB 912 (Limón)	This bill, by 7/1/23, would expand the Medi-Cal schedule of benefits to include biomarker testing for the purposes of diagnosis, treatment, appropriate management, or ongoing monitoring of a Medi-Cal beneficiary's disease or condition if the test is supported by medical and scientific evidence, as prescribed. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB912	03/29/22 - Set for hearing April 20.

SB 923 (Wiener)	This bill would require a Medi-Cal managed care plan to require its staff and contracted providers to complete evidence-based cultural competency training for the purpose of providing trans-inclusive health care, as defined, for individuals who identify as TGI. The bill would specify the required components of the training and would make use of any training curricula subject to approval by the respective departments. The bill would require an individual to complete a refresher course if a complaint has been filed, and a decision has been made in favor of the complainant, against that individual for not providing trans-inclusive health care, or on a more frequent basis if deemed necessary. The bill would require the respective departments to develop and implement procedures, and would authorize them to impose sanctions, to ensure compliance with the above-described provisions. The bill would also require the plan, organization, or insurer to annually and publicly report certain information relating to compliance, monitoring, and any related complaints or grievances. This bill would require those plans, by July 31, 2023, to also include a list of in-network providers who offer and have provided gender-affirming services, as specified. The bill would require the public internet website of those plans to allow provider searches based on that specialty. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB923	CAHP Oppose Unless Amended 03/30/22 - Set for hearing April 6.
SB 958 (Limón)	This bill would prohibit a health care service plan or health insurer, or its designee, from arranging for or requiring a vendor to dispense an infused or injected medication directly to a patient with the intent that the patient will transport the medication to a health care provider for administration. The bill would prohibit a plan or insurer, or its designee, from requiring an infused or injected medication to be administered in an enrollee's or insured's home as a condition of coverage, unless the treating health care provider determines home administration is safe and appropriate. The bill would prohibit a plan or insurer from requiring an infused or injected medication to be supplied by a vendor specified by the plan or insurer, or its designee, as a condition of coverage, unless specified criteria are met. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB958	CAHP Oppose 03/31/22 - Read second time and amended. Re-referred to Com. on HEALTH.

SB 964 (Wiener)	Existing law requires the department, on or before July 1, 2022, to establish statewide requirements for counties to use in developing certification programs for the certification of peer support specialists, as specified. Existing law authorizes a county, or an agency that represents a county, to develop a peer support specialist certification program and certification fee schedule, both of which are subject to department approval. This bill would repeal those provisions authorizing a county to develop a peer support specialist certification program and instead would require the department, on or before, July 1, 2023, to provide for a statewide certification for peer support specialists. The bill would require the department to amend the Medicaid state plan to include a certified peer support specialist as a provider type for purposes of the Medi-Cal program and to include peer support specialist services as a distinct service type under the Medi-Cal program. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB964	03/31/22 - From committee: Do pass as amended and re-refer to Com. on ED.
SB 966 (Limón)	Under existing law, to the extent that federal financial participation is available, FQHC and RHC services are reimbursed on a per-visit basis, as specified. “Visit” is defined as a face-to-face encounter between an FQHC or RHC patient and any of specified health care professionals, including a physician, a licensed clinical social worker, or a marriage and family therapist. This bill would also include, within the definition of a visit, a face-to-face encounter between an FQHC or RHC patient and an associate clinical social worker or associate marriage and family therapist when supervised by a licensed behavioral health practitioner as required by the Board of Behavioral Sciences, as specified. The bill would make this provision operative 60 days after the termination of the national emergency declared on March 13, 2020. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB966	03/24/22 - From committee: Do pass and re-refer to Com. on APPR.

SB 979 (Dodd)	When the Governor declares a state of emergency, existing law requires a health care service plan and a health insurer to provide an enrollee or insured who has been displaced or has the immediate potential to be displaced by that emergency access to medically necessary health care services. Existing law requires health care service plans and health insurers operating in a county included in a declaration of emergency to notify the Department of Managed Health Care and the Department of Insurance whether the plan has experienced or expects to experience a disruption to its operation, among other things. Existing provides for health care service plans and health insurers to take specified actions, including relaxing time limits for prior authorization, precertification, or referrals. This bill would expand these provisions to health emergencies declared by the State Public Health Officer and to emergencies that otherwise affect enrollees and insureds or health providers, as determined by the Department of Managed Health Care or the Department of Insurance. The bill would authorize the Department of Managed Health Care to require plans and insurers to take specified actions, such as relaxing or suspending certain time limits. https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB979	03/24/22 - April 6 hearing postponed by committee.
SB 987 (Portantino)	This bill would require a Medi-Cal managed care plan to include in its contracted provider network at least one National Cancer Institute (NCI) Designated Cancer Center, as specified, and ensure that any beneficiary diagnosed with a complex cancer diagnosis, as defined, is referred to an NCI-Designated Cancer Center within 15 business days of the diagnosis, unless the beneficiary selects a different cancer treatment provider. This bill would require a Medi-Cal managed care plan to give a request for treatment pursuant to a complex cancer diagnosis to receive an expedited authorization decision, as specified. The bill would require contracts between Medi-Cal managed care plans and primary care providers to require primary care physicians to inform enrollees who receive a complex cancer diagnosis of the enrollee's health status, medical care, or treatment options, as specified. The bill would require a Medi-Cal managed care plan to provide written and verbal notice to an enrollee of their right to access care through an NCI-Designated Cancer center, and would require the department, in consultation with others, to develop a standard written notice and a process for verbally notifying enrollees of their right to access cancer treatment care through an NCI-Designated Cancer Center. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB987	03/30/22 - Read second time and amended. Re-referred to Com. on HEALTH.

SB 1014 (Hertzberg)	This bill would require the department to authorize a new payment program for FQHCs pursuant to federal law, to be named the Enhanced Clinically Integrated Program (ECIP). The bill would, subject to an appropriation, require the nonfederal share of ECIP funding be used to support the ability of FQHCs to pay wages, conduct workforce training, and improve delivery of care. The bill would require the department to request at least this amount to fund the program on an ongoing basis in future fiscal years. Under the bill, participation in ECIP would be optional for FQHCs, and participating FQHCs would not receive payment rates lower than available through their standard prospective payment system (PPS) rate. The bill would also set forth a funding stream for FQHCs participating in labor-management cooperation committees, as specified. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1014	03/29/22 - Set for hearing April 20.
SB 1019 (Gonzalez)	This bill would require a Medi-Cal managed care plan to conduct annual outreach and education to its enrollees regarding the mental health benefits that are covered by the plan, and to also develop annual outreach and education to inform primary care physicians regarding those mental health benefits. The bill would require that the outreach and education efforts be informed by stakeholder engagement and the plan's Population Needs Assessment, as specified, and that the efforts meet cultural and linguistic appropriateness standards and incorporate best practices in stigma reduction. The bill would require the department to review and approve annual outreach and education efforts, and to consult with stakeholders to develop the standards for the review and approval. The bill would require the department to annually assess enrollee experience with mental health benefits covered by Medi-Cal managed care plans. The bill would require the department, by January 1, 2024, to develop survey tools and methodologies relating to the assessment of consumer experience, including best practice methods for data collection and reporting, as specified. The bill would require the department to publish annual reports on its internet website on consumer experience with mental health benefits covered by Medi-Cal managed care plans. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1019	03/23/22 - Set for hearing April 6.

SB 1089 (Wilk)	This bill, for purposes of Medi-Cal reimbursement for covered optometric services, would authorize a provider to obtain eyeglasses from a private entity, as an alternative to a purchase of eyeglasses from the Prison Industry Authority. The bill would condition implementation of this provision on the availability of federal financial participation. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1089	04/04/22 - Set for hearing April 26.
SB 1184 (Cortese)	Authorizes a provider of health care or a health care service plan to disclose medical information to a school-linked services coordinator. The bill would define the term "school-linked services coordinator" as an individual that holds a services credential with a specialization in pupil personnel services, as specified, located on a school campus or under contract by a county behavioral health provider agency for the treatment and health care operations and referrals of students and their families. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1184	03/25/22 - Set for hearing April 5.
SB 1191 (Bates)	Would add pharmacogenomic testing as a covered benefit under Medi-Cal. The bill would define pharmacogenomic testing as laboratory genetic panel testing, by a laboratory with specified licensing and accreditation, to identify how a person's genetics may impact the efficacy, toxicity, and safety of medications. The bill would cover the benefit under Medi-Cal if a medication is being considered for use, or is already being administered, and is approved for use, in treating a Medi-Cal beneficiary's condition and is known to have a gene-drug or drug-drug-gene interaction that has been demonstrated to be clinically actionable, as specified, if the medication is ordered by an enrolled Medi-Cal clinician or pharmacist. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1191	03/23/22 - Re-referred to Com. on HEALTH.
SB 1207 (Portantino)	This bill would require a health care service plan contract by January 1, 2023, to provide coverage for maternal mental health conditions and pandemic-related mental health conditions, as defined. The bill would require a subscriber, enrollee, insured, or policyholder to present written documentation from a treating health care provider diagnosing the maternal mental health condition or pandemic-related mental health condition. The bill would require treatment to continue until the treating provider determines and documents in writing that, in their clinical determination, the services are no longer required. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1207	03/23/22 - Re-referred to Com. on HEALTH.

SB 1337 (McGuire)	This bill would require a health care service plan contract or health insurance policy issued, amended, or renewed on and after January 1, 2023, to provide coverage for coordinated specialty care (CSC) services for the treatment of first-episode psychosis, which is described by the bill as a team-based service delivery method composed of specified treatment modalities and affiliated activities including, but not limited to, case management, pharmacotherapy and medication management, psychotherapy, and outreach and recruitment activities. The bill would require the CSC services provided to be consistent with the Coordinated Specialty Care for First Episode Psychosis Manual II: Implementation, developed by the National Institute of Mental Health. The bill would specify the membership of the CSC team and applicable training and supervision requirements. The bill would require the health care service plan or health insurer to use specified billing procedures for the services provided by the CSC team. The bill would require the Department of Managed Health Care and the Department of Insurance, as appropriate, in collaboration with the State Department of Health Care Services, to create a working group to establish guidelines, including, but not limited to, inclusion and exclusion criteria for individuals eligible to receive CSC services, and caseload and geographic boundary parameters for the treatment team. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1337	03/02/22 - Referred to Com. on HEALTH.
SB 1419 (Becker)	This bill would require health care service plans and health insurers to establish and maintain API, as described by the federal regulations, for the benefit of enrollees, insureds, and contracted providers. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB1419	03/25/22 - Set for hearing April 6.

SUMMARY

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, February 4, 2022

8:00 A.M.

COMMITTEE RECONVENED

Members: Deats, Martinez, McGlew, Melendez, Rhoades
ROLL CALL: 3 Present; 2 Absent – McGlew, 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 December 10, 2021 - APPROVED
Melendez-Deats: 3 Ayes; 2 Absent – McGlew, Rhoades

4) Report on Kern Health Systems Investment Portfolio for the Fourth Quarter Ending December 31, 2021 (Fiscal Impact: None) – IRA COHEN, UBS FINANCIAL SERVICES, INC., HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Deats-Melendez: 3 Ayes; 2 Absent – McGlew, Rhoades

5) Report on 2021 Annual Review of the Kern Health Systems Investment Policy (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Deats: 3 Ayes; 2 Absent – McGlew, Rhoades

6) Report on 2021 Annual Travel Report (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Martinez: 3 Ayes; 2 Absent – McGlew, Rhoades

7) Report on 2021 Annual Report of Disposed Assets (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Martinez: 3 Ayes; 2 Absent – McGlew, Rhoades

8) Proposed Amendment to MCG agreement, for the purchase of (2) additional MCG Clinical Care Guidelines, from February 17, 2022 through August 16, 2025 (Fiscal Impact: $141,000 estimated annually; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Deats: 3 Ayes; 2 Absent – McGlew, Rhoades

9) Proposed Agreement with Ceridian HCM, for Payroll and Human Resources Management Services, from March 18, 2022 through March 17, 2025, in an amount not to exceed $36.00 PEPM (Per Employee Per Month) (Fiscal Impact: $216,000 estimated annually; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS
Melendez-Deats: 3 Ayes; 2 Absent – McGlew, Rhoades

10) Report on Kern Health Systems Financial Statements for November 2021 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Deats-Melendez: 3 Ayes; 2 Absent – McGlew, Rhoades

11) Report on Accounts Payable Vendor Report, Administrative Contracts between $30,000 and $100,000 for November 2021 and IT Technology Consulting Resources for the period ended November 30, 2021 (Fiscal Impact: None) –
RECEIVED AND FILED; REFERRE TO KHS BOARD OF DIRECTORS
Melendez-Deats: 3 Ayes; 2 Absent – McGlew, Rhoades

ADJOURN TO FRIDAY, APRIL 8, 2022 AT 8:00 A.M.
Deats