



# **KERN HEALTH SYSTEMS**

## **FINANCE COMMITTEE MEETING**

**Friday, April 11, 2025**

**at**

**8:30 a.m.**

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

**For more information, call (661) 664-5000**



## **AGENDA**

### **FINANCE COMMITTEE MEETING**

**KERN HEALTH SYSTEMS**  
**2900 Buck Owens Boulevard**  
Bakersfield, California 93308

**Friday, April 11, 2025**

**8:30 A.M.**

All agenda item supporting documentation is available for public review at Kern Health Systems in the Administration Department, 2900 Buck Owens Boulevard, Bakersfield, CA 93308 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday, following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**PLEASE REMEMBER TO TURN OFF ALL CELL PHONES AND ELECTRONIC DEVICES  
DURING MEETING.**

#### **COMMITTEE TO RECONVENE**

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

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))
- CA-3) Minutes for Kern Health Systems Finance Committee meeting on February 14, 2025 – **APPROVE**
- 4) Report by Moss Adams on the audited financial statements of Kern Health Systems for the year ending December 31, 2024 (Fiscal Impact: None) – **RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS**
- 5) Proposed Increase in the Not-to-Exceed amount with Blackhawk by \$287,400 from \$195,000 to \$482,400 for the Member Rewards Program, from July 1, 2025, through June 30, 2026, which includes a contract extension for one (1) year. (Fiscal Impact: \$287,400 over the term of the contract; Budgeted) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**
- 6) Proposed Increase in the Not-to-Exceed amount with Relay Network by \$100,000 from \$399,998 to \$499,998 for the Text Messaging Solution, from June 1, 2025, through December 31, 2025, which includes a contract extension for seven (7) months. (Fiscal Impact: \$100,000 over the term of the contract; Budgeted) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**
- 7) Proposed Agreement with e360 for Maintenance and Support for the Rubrik Disaster and Recovery Solution from April 29, 2025, through October 31, 2026 (Fiscal Impact: \$285,565 over the term of the contract; Budgeted) – **APPROVE; REFER TO KHS BOARD OF DIRECTORS**

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- 8) Proposed increase in the Not-to-Exceed amount with Cognizant by \$161,865 from \$6,445,522 to \$6,607,387 for the Project Change Request, 24x7 Upgrade Emergency Support, TriZetto University, Technology Assessment, Data Purge, and Zelis integration licensing from April 21, 2025 through September 10, 2029 (Fiscal Impact: \$161,865; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
  - 9) Report on Kern Health Systems Financial Statements for December 2024 and January 2025 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
  - 10) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for December 2024 and January 2025 and IT Technology Consulting Resources for the period ended December 31, 2024 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, JUNE 13, 2025 AT 8:30 A.M.

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

The meeting facilities at Kern Health Systems are accessible to persons with disabilities. Disabled individuals who need special assistance to attend or participate in a meeting of the KHS Finance Committee may request assistance at the Kern Health Systems office, 2900 Buck Owens Boulevard, Bakersfield, California 93308 or by calling (661) 664-5000. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.



## SUMMARY

### FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS  
**2900 Buck Owens Boulevard**  
Bakersfield, California 93308

**Friday, February 14, 2025**

**8:30 A.M.**

#### COMMITTEE RECONVENED

Members: Elliott, Bowers, McGlew, Turnipseed, Watson  
ROLL CALL: 4 Present; 1 Absent – Bowers

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

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

#### COMMITTEE ACTION SHOWN IN CAPS

##### PUBLIC PRESENTATIONS

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

##### COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

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

DIRECTOR TURNIPSEED REPORTED ON HIS RECENT TRIP TO D.C. AND THE CONVERSATION HE HAD WITH U.S. CONGRESSMAN DAVID VALADAO

**SUMMARY**

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FINANCIAL MATTERS

- CA-3) Minutes for Kern Health Systems Finance Committee meeting on December 13, 2024 -  
APPROVED  
**McGlew-Watson: 4 Ayes; 1 Absent - Bowers**
- 4) Report on Kern Health Systems Investment Portfolio for the Fourth Quarter Ending  
December 31, 2024 (Fiscal Impact: None) – IRA COHEN, UBS FINANCIAL, HEARD;  
RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Turnipseed-McGlew: 4 Ayes; 1 Absent - Bowers**
- 5) Report on 2024 Annual Review of the Kern Health Systems Investment Policy (Fiscal  
Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Turnipseed: 4 Ayes; 1 Absent - Bowers**
- 6) Report on 2024 Annual Travel Report (Fiscal Impact: None) – RECEIVED AND FILED;  
REFERRED TO KHS BOARD OF DIRECTORS  
**Turnipseed-McGlew: 4 Ayes; 1 Absent - Bowers**
- 7) Report on 2024 Annual Report of Disposed Assets (Fiscal Impact: None) – RECEIVED  
AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Watson: 4 Ayes; 1 Absent - Bowers**
- 8) Special Requests for Funding by Local Community Partners and Providers (Fiscal Impact:  
\$15,880,981; Not Budgeted; Discretionary) – MOTION TO ADOPT THE STRATEGY OF  
KHS STAFF FOR SIMILAR GRANT REQUESTS AND PROCEED WITH EVALUATING  
GRANT REQUEST IN NORMAL COURSE OF BUSINESS  
**McGlew-Watson: 4 Ayes; 1 Absent - Bowers**
- 9) Proposed New Agreement with mPulse, for the Member and Provider Portal from March  
1, 2025 through December 31, 2030 with a Not-to-Exceed amount of \$5,966,116 over the  
term of the contract (Fiscal Impact: \$5,966,116; Budgeted) – APPROVED; REFERRED  
TO KHS BOARD OF DIRECTORS  
**Turnipseed-Watson: 4 Ayes; 1 Absent - Bowers**
- 10) Proposed Contract Extension and Retroactive Approval with Language Line, for  
Language Interpretation services, from February 28, 2025 through February 27, 2028 and  
increasing the Not-to-Exceed by \$11,678,000 over the term of the contract (Fiscal Impact:  
\$11,678,000; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Watson: 4 Ayes; 1 Absent - Bowers**
- 11) Proposed Contract Extension with LifeSigns, for American Sign Language Interpreting  
Services, from February 23, 2025 through February 22, 2027 and increasing the Not-to-  
Exceed amount by \$120,000 from \$160,000 to \$280,000 (Fiscal Impact: \$120,000;  
Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Watson-Turnipseed: 4 Ayes; 1 Absent - Bowers**



**SUMMARY**

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- 12) Proposed Contract Extension with Coffey Communications, for the Member Newsletters, from February 15, 2025 through February 14, 2026 and increasing the Not-to-Exceed amount by \$200,000 from \$170,000 to \$370,000 (Fiscal Impact: \$200,000; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Turnipseed-Watson: 3 Ayes; 2 Absent – McGlew, Bowers**

DIRECTOR MCGLEW LEFT THE DAIS AT 9:16 AM AND RETURNED AT 9:19 AM;  
AFTER THE VOTE ON ITEM 12

- 13) Proposed Contract Extension with Ceridian, for the Payroll and HRIS services, from March 18, 2025 through March 17, 2027 and increasing the Not-to-Exceed amount by \$772,224 from \$648,000 to \$1,420,224 (Fiscal Impact: \$772,224; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Watson-McGlew: 4 Ayes; 1 Absent - Bowers**

- 14) Proposed Contract Extension with Change Healthcare, for Electronic Claims Processing, from February 20, 2025 through February 19, 2030 and increasing the Not-to-Exceed amount by \$1,275,000 from \$930,000 to \$2,205,000 (Fiscal Impact: \$1,275,000; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**Watson-Turnipseed: 4 Ayes; 1 Absent - Bowers**

- 15) Proposed Contract Extension with Health Management Associates, for Actuarial services, from March 1, 2025 through February 28, 2026 and increasing the Not-to-Exceed amount by \$199,000 from \$199,000 to \$398,000 (Fiscal Impact: \$199,000; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Turnipseed: 3 Ayes; 2 Absent – Watson, Bowers**

DIRECTOR WATSON LEFT THE DAIS AT 9:26 AM AND RETURNED AT 9:28 AM;  
AFTER THE VOTE ON ITEM 15

- 16) Proposed Contract Extension with Milliman, for Actuarial services including D-SNP, from March 1, 2025 through December 31, 2026 and increasing the Not-to-Exceed amount by \$750,000 from \$762,000 to \$1,512,000 (Fiscal Impact: \$750,000; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Turnipseed: 4 Ayes; 1 Absent - Bowers**

- 17) Report on Kern Health Systems financial statements for November 2024 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**McGlew-Watson: 4 Ayes; 1 Absent - Bowers**

- 18) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for November 2024 and IT Technology Consulting Resources for the period ended November 30, 2024 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS  
**Watson-McGlew: 4 Ayes; 1 Absent - Bowers**

ADJOURN TO FRIDAY, APRIL 11, 2025 AT 8:30 A.M.





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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** Report by Moss Adams Regarding the 2024 Audit  
**DATE:** April 11, 2025

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### **Background**

Attached for your review are the December 31, 2024 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 Moss Adams will be providing a report on the 2024 audit.

### **Requested Action**

Receive and File; Refer to KHS Board of Directors.



# Kern Health Systems

## 2024 AUDIT RESULTS

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Discussion with Management and the Finance  
Committee

April 11, 2025

# Agenda

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1. Scope of Services
2. Summary of Audit Process
3. Significant Risks Identified
4. Matters Required to be Communicated with Those Charged with Governance
5. Your Service Team
6. About Moss Adams



## Scope of Services

We have been engaged to perform the following services for Kern Health Systems:

### Annual Audit



- Annual financial statement audit as of and for the year ending December 31, 2024.

### Non-Attest Services



- Assist management with drafting the financial statements for the year ending December 31, 2024, except for management's discussion and analysis section.
- Provide Claims Audit Tool (CAT) software maintenance and support services.
- Assist management with the Enterprise Risk Assessment project.



## Summary of Audit Process

- Our audit was generally performed in accordance with our initial plan. When the results of a planned audit procedure did not provide sufficient evidence or our original plan was based on an incorrect understanding of a transaction, process, or accounting policy of the entity, we made the necessary adjustments to our audit plan to incorporate the procedures necessary to support our opinion on the financial statements.
- We have completed our testing of all significant account balances and classes of transactions.
- We issued our independent auditor's report on April 4, 2025.





## Significant Risks Identified

During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
<b>Medical claims liability and claims expense</b>	<ul style="list-style-type: none"> <li>• Tested the internal controls for claims payments</li> <li>• Tested the data used by the actuary to estimate the claims liability and review the experience and qualifications of the actuary</li> <li>• Performed a retrospective review of the prior year's claims liability</li> <li>• No exceptions noted in procedures performed</li> </ul>
<b>Capitation revenue and receivables</b>	<ul style="list-style-type: none"> <li>• Developed independent expectations of revenue using membership data and rates and cash receipts</li> <li>• Obtained an understanding of Management's reserve methodology and validated key inputs through our audit procedures</li> <li>• Verified subsequent receipt of cash and performed other substantive procedures</li> <li>• No exceptions noted in procedures performed</li> </ul>
<b>Amounts due to the State of California or DHCS</b>	<ul style="list-style-type: none"> <li>• Tested the accrual calculations and agreed amounts accrued to subsequent payments if applicable</li> <li>• Obtained an understanding of the nature of the amounts payable to the State of California</li> <li>• Tested inputs into the estimates used to calculate the amounts due</li> <li>• No exceptions noted in procedures performed</li> </ul>





## Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.



## Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) as well as *Government Auditing Standards*, issued by the Comptroller General of the United States and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts.. As part of an audit conducted in accordance with those standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



# Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

Our audit of the financial statements included obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control or to identify deficiencies in the design or operation of internal control. Accordingly, we considered the entity's internal control solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.



## Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are also responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

### Significant Accounting Practices:

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures

## MOSS ADAMS COMMENTS

The quality of the entity's accounting policies and underlying estimates are discussed throughout this presentation. There were no changes in the entity's approach to applying the critical accounting policies.

- Significant management estimates impacted the financial statements including the following: fair value of investments, capital asset lives, medical loss ratio rebate liability, risk corridor liabilities and receivables, actuarially determined accruals for IBNR claims liabilities, other accrued medical expenses payable, employee pension plans, deferred inflows and outflows of resources, net pension liability.

The disclosures in the financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. We call your attention to the following notes:

- Significant disclosures include the following:
  - Note 1 – Nature of activities and summary of significant accounting policies
  - Note 2 – Cash, cash equivalents, and investments
  - Note 9 – Accrued medical expenses payable
  - Note 12 – Employee pension plans
  - Note 14 – Commitments and contingencies



## Matters to Be Communicated to the Governing Body

### MATTERS TO BE COMMUNICATED

#### Significant Unusual Transactions

### MOSS ADAMS COMMENTS

No significant unusual transactions were identified during our audit of the entity's financial statements.



## Matters to Be Communicated to the Governing Body

### MATTERS TO BE COMMUNICATED

#### Significant Difficulties Encountered During the Audit

We are to inform those charged with governance of any significant difficulties encountered in performing the audit. Examples of difficulties may include significant delays by management, an unreasonably brief time to complete the audit, unreasonable management restrictions encountered by the auditor, or an unexpected extensive effort required to obtain sufficient appropriate audit evidence.

### MOSS ADAMS COMMENTS

No significant difficulties were encountered during our audit of the entity's financial statements.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

### Disagreements With Management

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements, or the auditor's report.

## MOSS ADAMS COMMENTS

We are pleased to report that there were no disagreements with management.





# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

Circumstances that affect the form and content of the auditor's report

## MOSS ADAMS COMMENTS

There were no circumstances that affected the form and content of the auditor's report.



## Matters to Be Communicated to the Governing Body

### MATTERS TO BE COMMUNICATED

Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process

### MOSS ADAMS COMMENTS

There were no other findings or issues arising from the audit to report.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

### Material, Corrected Misstatements

Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

## MOSS ADAMS COMMENTS

No material corrected misstatements were identified.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

### Uncorrected Misstatements

The Finance Committee should be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.

## MOSS ADAMS COMMENTS

No uncorrected misstatements were noted during the audit.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

### Representations requested of management

We will request certain representations from management that will be included in the management representation letter dated upon the date of the auditor's report.

## MOSS ADAMS COMMENTS

A copy of the management representation letter is available upon request.



## Matters to Be Communicated to the Governing Body

### MATTERS TO BE COMMUNICATED

#### Management's consultation with other accountants

When we are aware that management has consulted with other accountants about significant auditing or accounting matters, we discuss with those charged with governance our views about the matters that were the subject of such consultation.

### MOSS ADAMS COMMENTS

We are not aware of instances where management consulted with other accountants about significant auditing or accounting matters.



# Matters to Be Communicated to the Governing Body

## MATTERS TO BE COMMUNICATED

Significant issues arising from the audit that were discussed, or the subject of correspondence with management

## MOSS ADAMS COMMENTS

No significant issues arose during the audit that have not been addressed elsewhere in this presentation.



## Matters to Be Communicated to the Governing Body

### MATTERS TO BE COMMUNICATED

#### Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control or of internal control over compliance that came to the auditor's attention during the audit must be reported to the Finance Committee.

#### Moss Adams Comments

There were no material weaknesses noted and no significant deficiencies to communicate.





## Your Service Team



**Stelian Damu**  
*Audit Engagement Partner*

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mossadams.com](mailto:Stelian.Damu@mossadams.com)  
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**Aparna Venkateswaran**  
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**Caitlyn McPherson**  
*Audit In-Charge*

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(310) 295-3729

### Other team members:

**Desiree Osias**  
*Audit Staff*

**Danila Antonin**  
*Audit Staff*

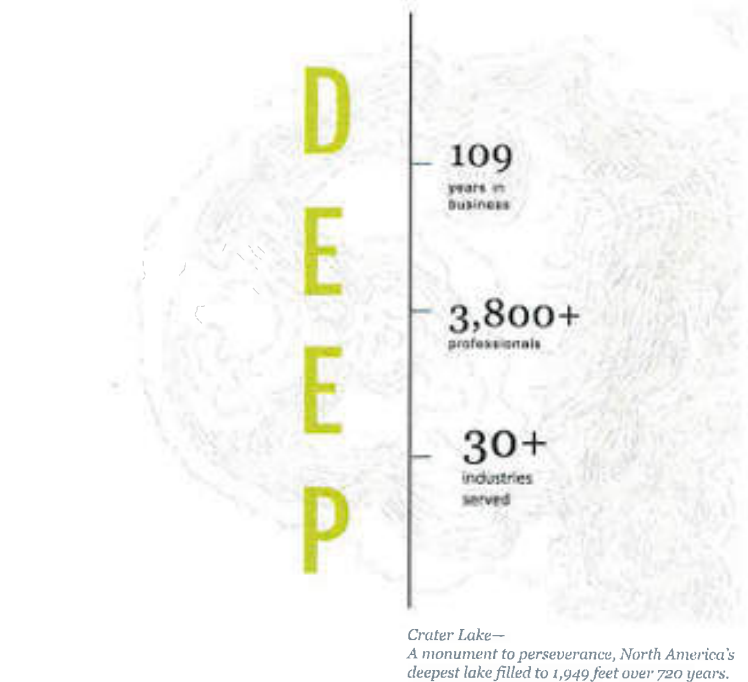




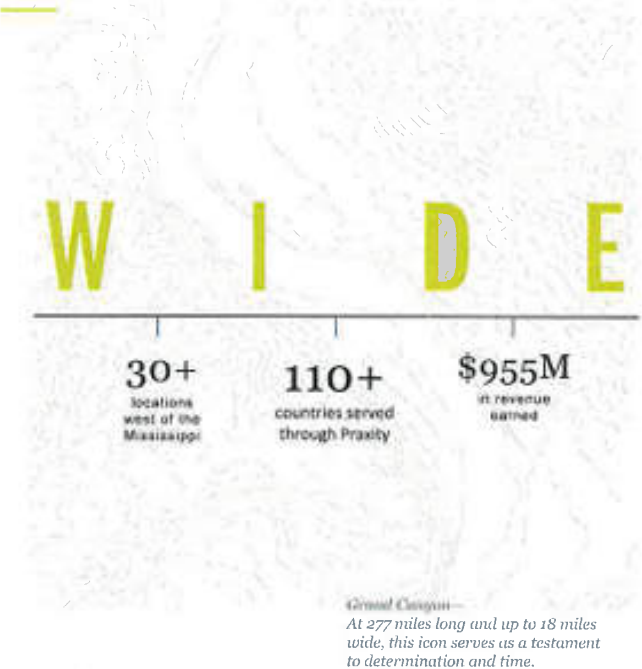
## About Moss Adams



# Our Expertise



# Our Reach

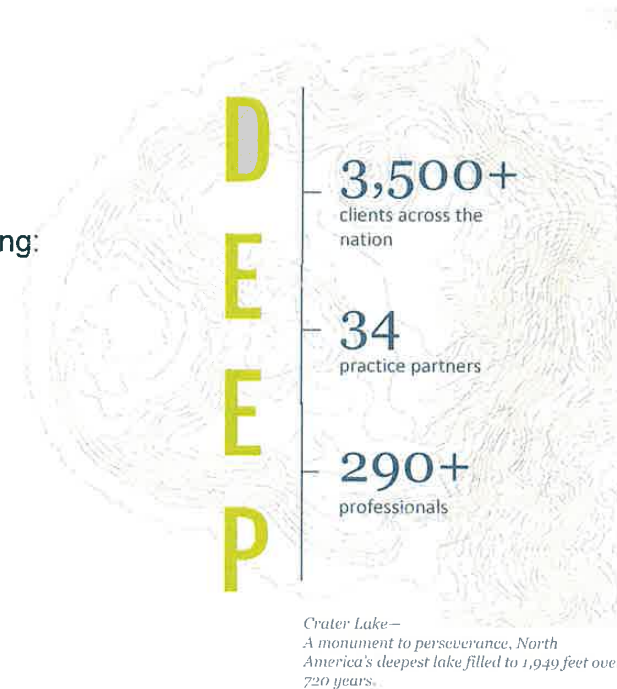


## Health Care Industry Experience

Our health care professionals dedicate their careers to serving the industry.

We cover the full spectrum of health care including:

- Hospitals and health systems
- Independent practice associations
- Medical groups
- Community health centers
- Behavioral health organizations
- Long-term care
- Surgery centers
- Knox Keene licensed health plans
- Health care ancillary services



## Additional Services

Audit and tax are vital. But you have complex needs that go beyond these core functions. Our dedicated health care consulting team provides a range of services to address all your needs—both now and in the future.

HEALTH CARE CONSULTING & ADDITIONAL EXPERTISE		
PROVIDER REIMBURSEMENT	GOVERNMENT COMPLIANCE	OPERATIONAL IMPROVEMENT
Medicare & Medicaid	Regulatory Compliance	Revenue Cycle Enhancement
Provider-based Licensure & Certification	Coding Validation	Claims Recovery
Medical Education	Coding Department Redesign	Litigation Support
Uncompensated Care	EHR Internal Controls	Employer Health Benefits
Medicare DSH Analysis & Appeals	Corporate Compliance	Financial Turnaround
Worksheet S-10	LEAN TRANSFORMATION	Performance Excellence
STRATEGY & INTEGRATION	3P & Innovation: Redesign Processes, Products, Facilities	INFORMATION TECHNOLOGY
Provider Risk Analysis, Contracting & Operational Design	Lean Management Systems and Strategy Deployment	HIPAA Security and Privacy
M&A Support	Lean Operations	Network Security & Penetration Testing
Feasibility Studies	Quality & Patient Safety	HITRUST Assessment & Certification
Market Intelligence & Benchmarking	PRIVATE EQUITY	SOC Pre-Audit Gap Analysis & Readiness
Service Line Enhancement	Investment Evaluation & Transactions	SOC Audits
Strategic Planning & Implementation	Advising Portfolio Companies	
	Selling Portfolio Companies	

## Health Plans, Insurance, & Risk-Bearing Organizations

In today's health care landscape, managed care risk-bearing organizations (RBOs) come in many different forms.

We serve the needs of over 220 clients ranging in size and structure from large, billion-dollar member insurers to small, captive insurers. In addition to tax and assurance services, we also focus on operational and systems infrastructure, and our services and knowledge of the insurance managed care market have been used for numerous litigation matters involving payers and providers.

### Who we serve:

- HMOs
- Insurance exchanges
- Exclusive provider organizations
- Risk pools
- Self-ensured pools
- Medicare Advantage plans
- Medicaid health plans
- ACOs
- CCOs
- Knox-Keene plans
- Dental plans
- TPAs



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## Performance Excellence

Our team of seasoned health care professionals have a deep understanding of health care operations and best practices that comes from experience in working with a wide range of health care organizations. We will work collaboratively with your management team to design and implement performance improvement initiatives.

Our services include:

- Financial turnaround
- Process assessment and redesign
- Labor productivity improvement
- Non-labor cost management expense reduction
- Department and process assessment and redesign
- Benchmarking
- Management span of control optimization





## Lean Consulting

Our certified lean professionals assist in transforming organizations in implementing a lean management system through educating, training, and coaching executives, managers, clinicians, and frontline staff.

We are committed to helping organizations achieve the highest quality through zero defects, increased patient satisfaction, empowerment of staff, and improvement of financial performance through the application of the Toyota Management System. Improvement work ranges from the strategic planning process at the top of the organization to complex clinical processes within care delivery and the supporting administrative processes.

Main practice areas include:

- 3P+ innovation
- Lean management systems and hoshin
- Lean operations
- Quality and patient safety





## Internal Audit Solutions

We offer a custom, risk-based approach to helping you achieve the desired level of assurance, achieve your organization's goals, and reduce your compliance costs. Moss Adams works with clients on a wide range spectrum of internal audit capabilities—from organizations with deep and wide internal audit departments to those with no staff at all.

We're trusted advisors to management and boards. External auditors can be confident in our work and its results.

Working with you, we can address such challenges as:

- Finance Committee expectations
- Internal control problems
- Staff augmentation
- Inefficient business processes, costly or wasteful practices
- High fixed internal audit costs
- Unfulfilled internal audit needs
- Insufficient coverage of IT and tax
- Compliance failures



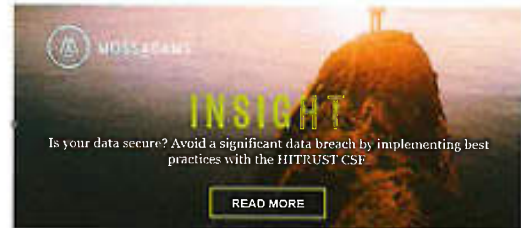
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Moss Adams closely monitors regulatory agencies, participates in industry and technical forums, and writes about a wide range of relevant accounting, tax, and business issues to keep you informed.

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- Nov 13: State of the Union Political Point-Counterpoints Reception with Keynotes
- Nov 14: Economic Forecast

32 Better Together: Moss Adams & Kern Health Systems



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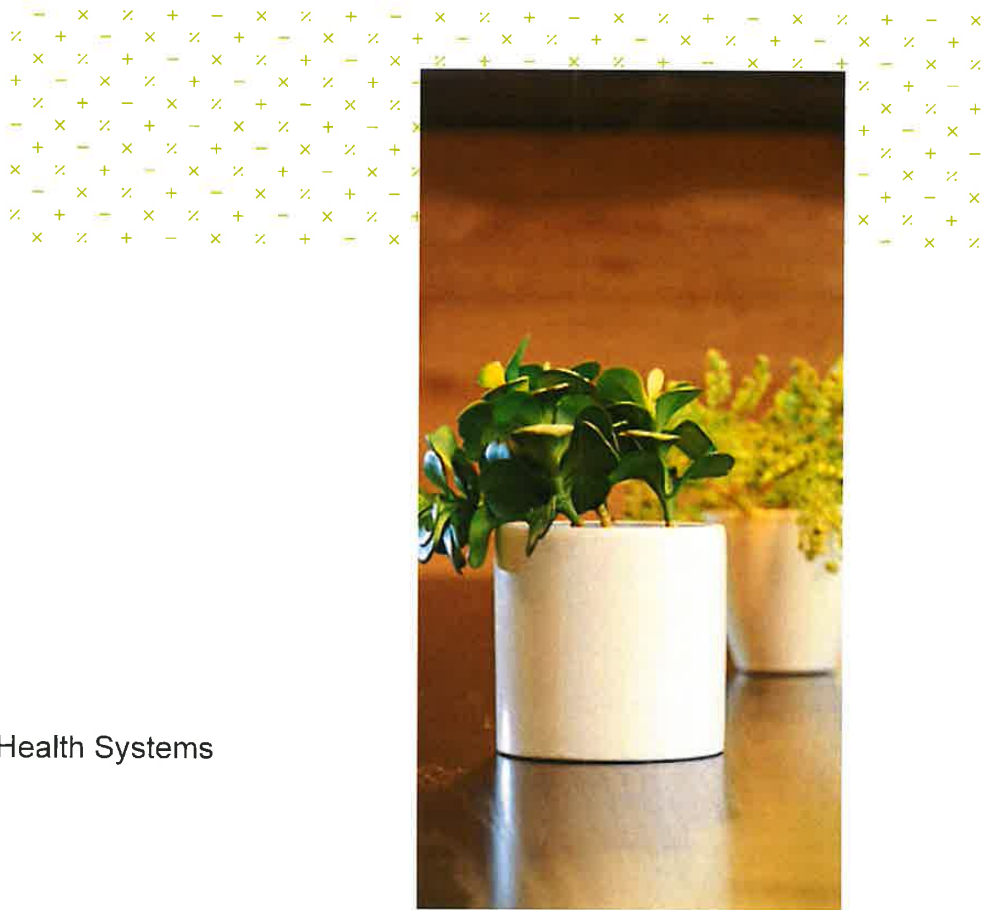




## Executive Session

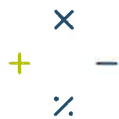


Better Together: Moss Adams & Kern Health Systems





**THANK  
YOU**



Report of Independent Auditors  
and Financial Statements  
with Supplementary Information

**Kern Health Systems**

December 31, 2024 and 2023



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## **Management's Discussion & Analysis**

## **Kern Health Systems Management's Discussion & Analysis**

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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, 2024 and 2023. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 13.

### **Overview**

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services (DHCS) is the single state agency responsible for administering Medi-Cal. In 2024 and 2023, 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 are two additional Medi-Cal health plans 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 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 2024 and 2023, KHS used approximately 99% and 89%, respectively, of its reported premium revenue for medical care services. The increase in the percentage from 2023 to 2024 is primarily due to the reduction of rates received in 2024, subsequent 2023 retroactive rate reductions received in 2024, combined with higher utilization of medical services by KHS members during 2024.

## Kern Health Systems Management's Discussion & Analysis

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

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

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

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

### 2024 Financial Highlights:

- Our net position decreased in 2024 by \$46.6 million or approximately (12.3%), while in 2023 our net position increased by \$61.4. million or 19.3%.
- Our Medi-Cal enrollment growth showed an average monthly member increase of approximately 55,400 members or 15.8% in 2024 compared to 2023. This compared to an average monthly member increase of approximately 29,100 members or 9.1% in 2023 compared to 2022.
- We reported an operating loss of \$67.8 million or (\$13.93) PMPM in 2024, and operating income of \$40.3 million or \$9.59 PMPM in 2023. The decrease in operating income in 2024 is primarily due to reduction of rates received for the 2024 service period, subsequent 2023 retroactive rate reductions received in 2024 and higher utilization of medical services by our members.
- Managed Care Organization (MCO) Tax Revenues of \$709.4 million or \$145.78 PMPM are included in premiums earned in 2024 and \$376.7 million or \$89.66 PMPM in 2023. Beginning July 1, 2016, the MCO tax methodology changed from a percentage of premium revenue to a fixed PMPM rate. The rate was \$147.99 PMPM for the period January 1, 2024 to December 31, 2024 and \$113.33 PMPM for the period April 1, 2023 to December 31, 2023. Assembly Bill (AB) 119 authorized a MCO provider tax effective April 1, 2023, through December 31, 2026 which significantly increased the MCO tax for 2024. The increase in MCO tax revenue was used to support Medi-Cal programs including the new targeted rate increase (TRI) payments to providers to promote greater provider participation. The MCO tax revenue amounts are based on projected membership and MCO tax expense is assessed by quarter period. MCO Tax expense is reported as an operating expense and was \$709.4 million or \$145.77 PMPM in 2024 and \$376.5 million or \$89.60 PMPM in 2023.

## **Kern Health Systems Management's Discussion & Analysis**

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- We reported a net increase in nonoperating income of \$0.1 million between 2024 and 2023. We reported investment and other income of \$31.1 million in 2024 or \$6.40 PMPM and investment and other income of \$21.1 million or \$5.03 PMPM in 2023. We reported Community grant expense of \$10.0 million or \$2.05 PMPM in 2024. We reported no Community grant expense in 2023.
- We continued with provider quality incentive programs and reported expenses of approximately \$7.3 million in 2024 to reward providers who demonstrate improved Managed Care Accountability Set (MCAS) outcomes.
- Effective January 1, 2024, KHS no longer has a capitated arrangement with any other health plans to provide health care services. In 2023, KHS had a capitated arrangement required by the DHCS with another health plan which allowed for that plan to provide health care services for assigned members. Assigned membership to this other health plan was 15,226 members at the end of 2023 which was not included in the enrollment amounts reported. The premium revenue earned for this population was \$37.5 million for the year ended December 31, 2023 and was reported net of \$36.8 million of associated capitated expense for the year ended December 31, 2023.

### **2024 Grants and Strategic Initiative Funding:**

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

### **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.

## Kern Health Systems Management's Discussion & Analysis

### 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 decreased in 2024 by \$46.6 million and increased in 2023 by \$61.4 million, respectively. Our Statements of Net Position as of December 31, 2024, 2023, and 2022, are as follows:

	2024	2023	2022
	(Dollars in Millions)	(Dollars in Millions)	(Dollars in Millions)
<b>Assets</b>			
Cash and cash equivalents	\$ 395.0	\$ 115.8	\$ 99.1
Investments	226.0	406.1	318.0
Premiums receivable	94.5	76.4	69.6
MCO tax receivable	220.3	375.8	32.7
Hospital directed payments receivable	555.7	462.0	436.8
Other current assets	10.7	8.8	6.3
Capital assets, net	59.3	59.1	64.4
Other assets	10.9	2.0	2.2
<b>Total assets</b>	<u>\$ 1,572.3</u>	<u>\$ 1,506.0</u>	<u>\$ 1,029.1</u>
<b>Deferred outflows of resources</b>	<u>\$ 6.8</u>	<u>\$ 8.4</u>	<u>\$ 8.2</u>
<b>Liabilities</b>			
Accrued medical expenses payable	\$ 283.3	\$ 253.8	\$ 227.8
Hospital directed payments payable	557.2	462.0	436.6
MCO tax liability	369.4	391.7	32.7
Accrued expenses	15.6	13.9	10.9
Subscription liability	7.7	-	-
Net pension liability	12.3	12.7	10.2
<b>Total liabilities</b>	<u>\$ 1,245.5</u>	<u>\$ 1,134.1</u>	<u>\$ 718.2</u>
<b>Deferred inflows of resources</b>	<u>\$ 0.1</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>
<b>Net position</b>			
Net investment in capital assets	\$ 60.4	\$ 59.1	\$ 64.4
Restricted	0.3	0.3	0.3
Unrestricted	272.8	320.7	254.0
<b>Total net position</b>	<u>\$ 333.6</u>	<u>\$ 380.2</u>	<u>\$ 318.8</u>

### **Kern Health Systems Management's Discussion & Analysis**

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KHS' net position for 2024, 2023, and 2022, exceeded all regulatory requirements for Tangible Net Equity (TNE).

#### **December 31, 2024**

- Total assets were \$1,572.3 million and \$1,506.0 million, as of December 31, 2024 and December 31, 2023, respectively. This was an increase of \$66.3 million, or 4.4%. The increase is primarily attributed by increases in cash and cash equivalents, investments and hospital directed payments receivable and a decrease in the MCO tax receivable.
- Total liabilities were \$1,245.5 million and \$1,134.1 million as of December 31, 2024 and December 31, 2023, respectively. This is an increase of \$1,134.1 million or 9.8%. The increase was primarily attributed by an increase in hospital directed payments and accrued medical expense payable.
- The Plan's total net position decreased by \$46.6 million or (12.3%) during 2024. This decrease in net position was attributable to unfavorable capitation rates from the State and higher utilization of medical services by our members which resulted in a net position at December 31, 2024 of \$333.6 million compared to a net position of \$380.2 million as of December 31, 2023
- TNE at December 31, 2024, was 423.7% of the DHCS required minimum of \$78.7 million.

#### **December 31, 2023**

- Total assets were \$1,506.0 million and \$1,029.1 million, as of December 31, 2023 and December 31, 2022 respectively. An increase of \$477.0 million, or 46.3%. The increase is primarily attributed by increases in cash and cash equivalents, Investments, MCO Tax Receivable, and Hospital directed payments receivable.
- Total liabilities were \$1,134.1 million and \$718.2 million as of December 31, 2023 and December 31, 2022, or a 57.9% increase. The increase was primarily attributed to an increase in MCO tax liability.
- The Plan's total net position increased by \$61.4 million or 19.3% during 2023. This increase in net position was attributable to favorability in capitation rates from the State and overall reduced utilization because of the COVID-19 pandemic, which resulted in a net position at December 31, 2023, of \$380.2 million compared to a net position of \$318.8 million at December 31, 2022.
- TNE at December 31, 2023, was 653.2% of the DHCS required minimum of \$58.2 million.

## Kern Health Systems Management's Discussion & Analysis

### Tangible Net Equity

KHS is required by DMHC to maintain certain levels of TNE. Regulatory TNE levels are determined by formula and are based on specified percentages of revenue and medical expenses. The Plan's TNE at December 31, 2024, was \$333.6 million, which exceeded the required TNE amount of \$78.7 million. The Plan's TNE at December 31, 2023, was \$380.2 million, which exceeded the required TNE amount of \$58.2 million.

	December 31, 2024	December 31, 2023	December 31, 2022
	(Dollars in Millions)	(Dollars in Millions)	(Dollars in Millions)
Actual TNE, beginning balance	\$ 380.2	\$ 318.8	\$ 247.5
Change in net position	(46.6)	61.4	71.3
Actual TNE, ending balance	\$ 333.6	\$ 380.2	\$ 318.8
Required TNE	\$ 78.7	\$ 58.2	\$ 50.8

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

Operating results and changes in our net position show a decrease in net position of \$46.6 million and an increase of \$61.4 million for the years ended December 31, 2024 and 2023, respectively. The increases are made up of various components as outlined below:

	Enrollment Data		
	2024	2023	2022
Enrollment			
Total member months	4,866,241	4,387,884	4,017,909
Less nonrisk capitated member months	-	(188,128)	(185,242)
Net member months	4,866,241	4,201,776	3,852,667
Average monthly members	405,520	350,148	321,072

	Statements of Revenues, Expenses and Changes in Net Position			Per Member Per Month in Dollars *		
	2024	2023	2022	2024	2023	2022
	(Dollars in Millions)					
Operating revenues						
Premiums earned	\$ 1,544.7	\$ 1,205.0	\$ 1,002.3	\$ 317.44	\$ 286.79	\$ 260.14
MCO premium tax earned	709.4	376.7	120.2	145.78	89.66	31.20
Hospital directed payments earned	288.8	233.3	264.3	59.34	55.52	68.60
Reinsurance recoveries	1.5	2.2	0.5	0.31	0.52	0.13
Total operating revenues	2,544.4	1,817.3	1,387.3	522.87	432.49	360.07
Operating expenses						
Medical and hospital	1,521.9	1,077.6	856.1	312.74	256.45	222.21
MCO premium tax	709.4	376.5	124.7	145.77	89.60	32.35
Hospital directed payments	291.6	231.9	264.6	59.93	55.19	68.69
Administrative	80.8	82.7	60.3	16.60	19.69	15.54
Depreciation	8.6	8.3	7.1	1.76	1.97	1.83
Total operating expenses	2,612.2	1,777.0	1,312.7	536.80	422.90	340.72
Operating (loss) income	(67.8)	40.3	74.6	(13.93)	9.59	19.35
Nonoperating revenues (expenses)						
Investment and other income	31.1	21.1	1.5	6.40	5.03	0.38
Community grants expense	(10.0)	-	(4.8)	(2.05)	-	(1.23)
Total nonoperating revenues (expense)	21.2	21.1	(3.3)	4.35	5.03	(0.85)
Changes in net position	(46.6)	61.4	71.3	(9.59)	14.62	18.50
Net position, beginning of year	380.2	318.8	247.5	78.13	75.86	64.23
Net position, end of year	\$ 333.6	\$ 380.2	\$ 318.8	\$ 68.54	\$ 90.48	\$ 82.73

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

## Kern Health Systems Management's Discussion & Analysis

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### Enrollment

Enrollment is divided into aid categories, which correspond to specific rates of capitation to be received by the Plan from the State. During 2024, the Plan served an average of 405,520 members per month, compared to an average of 350,148 members per month in 2023 and an average of 321,072 members per month in fiscal year 2022. The increase in enrollment for 2024 is attributed to the exit of an existing Medi-Cal health plan in Kern County, which resulted in increased enrollment. The increase in enrollment for 2023 is attributed to the moratorium on redeterminations because of the COVID-19 pandemic.

Enrollment Category	2024	2023	2022
Child	169,406	146,108	141,919
Adult	74,739	66,143	63,890
Adult Expansion	114,188	96,998	88,329
Seniors and Persons with Disabilities (SPD)	22,887	18,423	16,829
SPD - Dual	23,786	22,099	10,105
Long Term Care (LTC)	50	30	-
LTC - Dual	465	347	-
Total average monthly enrollment	405,520	350,148	321,072

Significant aid categories are defined as follows:

- Child: Qualifying members under age 21.
- Adult: Qualifying members between the ages of 21 and 64.
- Adult Expansion (AE): Refers to member who became eligible for the Medi-Cal Program effective January 1, 2014, as a result of the implementation of the Affordable Care Act (ACA) and the expanded eligibility criteria for Medicaid.
- Senior and Persons with Disabilities (SPD)\*: Includes individuals who are 65 years of age and older who receive supplemental security income (SSI) checks or are medically needy if their income and resources are within the Medi-Cal limits, and individuals who met the criteria for disability set by the Social Security Administration and the State Program-Disability and Audit Program Division.
- Long-Term Care (LTC)\*: Includes frail, elderly, nonelderly adults with disabilities and children with developmental disabilities, and other disabling conditions requiring long-term services.
- \* "Dual" coverage refers to enrollees who are eligible for both Medi-Cal and Medicare Parts A, B, and D.



## **Kern Health Systems Management's Discussion & Analysis**

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### **Operating (Loss) Income**

The first component of the overall change in net position is our operating (loss) income. This is the difference between the premiums earned and the cost of medical services. We had an operating loss for the year ended December 31, 2024 of \$67.8 million and positive operating income for year ended December 31, 2023 of \$40.3 million.

The primary components of the operating loss for 2024 are:

- Premium revenue (capitation received by the Plan from the State) is determined by rates set by the State at the beginning of the plan year and generally are effective for the entire year. The State may, on occasion, provide updated rates during the fiscal year for the current year as well as retroactively make changes to rates for prior services years. Premiums earned increased \$339.7 million, which is an increase of \$30.65 PMPM in 2024 from 2023. The increase in premiums earned is attributed to an increase in membership and the assumption of new membership populations in 2024, increases in premium capitated rates, and the increase in MCO tax revenue from 2024. Despite the net increase received in revenue for the current year, the growth in medical expenses from 2024 to 2023 surpassed revenue earned.
- The medical and hospital services costs increased by \$444.3 million and \$56.29 PMPM between 2024 and 2023. This increase in expense is primarily attributed to the increased medical expense utilization resulting from DHCS program changes and changes in the population of members including the assumption of Long-term Care (LTC) and Full Dual members from FFS.
- Administrative expenses decreased by \$1.9 million or a decrease of (\$3.09) PMPM over 2024. Administrative expense as a percentage of total Operating Revenue (excluding MCO tax revenue and Hospital directed payments earned) was 5.2%% in 2024 compared to 6.9% in 2023.

### **Nonoperating Revenues and Expenses**

Nonoperating revenues and expenses consist primarily of investment income, community grants and other expenses. In 2024, the net nonoperating income amount of \$21.2 million was attributed to \$31.3 million of investment income as the result of higher investment balances and better overall market performance offset by \$10.0 million of community grant expenses.

### **KHS' Cash Flow**

Changes in KHS' cash flows are consistent with changes in operating income and nonoperating revenues and expenses. Changes in KHS' cash flows are reflective of timing differences pertaining to the payment of accrued medical services and program liabilities and the volatility of premium rate payments impacted by changes in covered benefits, programs, rate assumptions, and regulatory changes.

## **Kern Health Systems Management's Discussion & Analysis**

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### **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.

President Trump has issued a number of executive orders intended to reduce government spending, and we expect there will be continued proposals targeting reimbursement methodologies and the number of individuals eligible for government healthcare programs.

### **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.



## **Report of Independent Auditors**

The Board of Directors  
Kern Health Systems

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Kern Health Systems, which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kern Health Systems as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kern Health Systems and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Prior Period Financial Statements***

The financial statements of Kern Health Systems as of and for the year ended December 31, 2023, were audited by other auditors whose report dated April 3, 2024, expressed an unmodified opinion on those statements.

#### ***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's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

***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, *Government Auditing Standards*, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts 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, *Government Auditing Standards*, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, 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, but not for the purpose of expressing an opinion on the effectiveness of Kern Health Systems's internal control. Accordingly, no such opinion is expressed.
- 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's 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 accompanying management's discussion and analysis (pages 1-9), schedule of changes in net pension liability and related ratios (page 49), and schedule of plan contributions for the defined benefit pension plan (page 50), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 GAAS, *Government Auditing Standards*, and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, 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 4, 2025, on our consideration of Kern Health Systems's 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's 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's internal control over financial reporting and compliance.



Irvine, California  
April 4, 2025

**Financial Statements**

**Kern Health Systems**  
**Statements of Net Position**  
**December 31, 2024 and 2023**

	2024 (Dollars in Millions)	2023 (Dollars in Millions)
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 395.0	\$ 115.8
Investments (Notes 2 and 3)	226.0	406.1
Premiums receivable	94.5	76.4
MCO tax receivable	220.3	375.8
Hospital directed payments receivable (Note 4)	555.7	462.0
Other receivables (Note 5)	2.6	2.3
Prepaid expenses	8.1	6.6
Total current assets	<u>1,502.2</u>	<u>1,444.9</u>
<b>CAPITAL ASSETS (Note 6)</b>		
Land	4.1	4.1
Buildings and improvements	37.9	37.0
Computer hardware and software	56.1	48.8
Furniture and equipment	5.6	4.8
Capital projects in process	1.0	2.3
	<u>104.7</u>	<u>97.0</u>
Less accumulated depreciation	<u>45.4</u>	<u>37.8</u>
Total capital assets, net	<u>59.3</u>	<u>59.1</u>
<b>OTHER ASSETS</b>		
Restricted investments (Notes 2, 3, and 11)	0.3	0.3
Intangible right to use subscription asset, net of accumulated amortization (Note 8)	8.9	-
Split dollar life insurance (Note 7)	1.7	1.7
Total other assets	<u>10.9</u>	<u>2.0</u>
Total assets	1,572.3	1,506.0
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 12)</b>		
	<u>6.8</u>	<u>8.4</u>
Total assets and deferred outflows of resources	<u>\$ 1,579.2</u>	<u>\$ 1,514.4</u>

See accompanying notes.

**Kern Health Systems**  
**Statements of Net Position (Continued)**  
**December 31, 2024 and 2023**

	2024	2023
	(Dollars in Millions)	(Dollars in Millions)
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accrued medical expenses payable (Note 9)	\$ 283.3	\$ 253.8
MCO tax liability	369.4	391.7
Hospital directed payments payable (Note 4)	557.2	462.0
Accrued expenses (Note 10)	15.6	13.9
Subscription liability (Note 11)	2.2	-
Total current liabilities	<u>1,227.8</u>	<u>1,121.4</u>
<b>NONCURRENT LIABILITIES</b>		
Subscription liability, net of current portion (Note 8)	5.5	-
Net pension liability (Note 12)	<u>12.3</u>	<u>12.7</u>
Total noncurrent liabilities	<u>17.7</u>	<u>12.7</u>
Total liabilities	<u>1,245.5</u>	<u>1,134.1</u>
Commitments and contingencies (Note 14)		
DEFERRED INFLOWS OF RESOURCES (Note 12)	<u>0.1</u>	<u>0.2</u>
<b>NET POSITION</b>		
Net investment in capital assets	60.4	59.1
Restricted (Note 11)	0.3	0.3
Unrestricted	<u>272.8</u>	<u>320.7</u>
Total net position	<u>333.6</u>	<u>380.2</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 1,579.2</u></u>	<u><u>\$ 1,514.4</u></u>

See accompanying notes.



**Kern Health Systems**  
**Statements of Revenues, Expenses, and Changes in Net Assets**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
	(Dollars in Millions)	(Dollars in Millions)
<b>OPERATING REVENUES</b>		
Premiums earned	\$ 1,544.7	\$ 1,205.0
MCO premium tax earned	709.4	376.7
Hospital directed payments earned (Note 4)	288.8	233.3
Reinsurance recoveries (Note 13)	1.5	2.2
Total operating revenues	<u>2,544.4</u>	<u>1,817.3</u>
<b>OPERATING EXPENSES</b>		
Medical and hospital	1,521.9	1,077.6
MCO premium tax (Note 1)	709.4	376.5
Hospital directed payments (Note 4)	291.6	231.9
Administrative	80.8	82.7
Depreciation	8.6	8.3
Total operating expenses	<u>2,612.2</u>	<u>1,777.0</u>
Operating (loss) income	<u>(67.8)</u>	<u>40.3</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and other income	31.1	21.1
Community grants expense	(10.0)	-
Net nonoperating revenues	<u>21.2</u>	<u>21.1</u>
Change in net position	<u>(46.6)</u>	<u>61.4</u>
NET POSITION, beginning of year	<u>380.2</u>	<u>318.8</u>
NET POSITION, end of year	<u>\$ 333.6</u>	<u>\$ 380.2</u>

See accompanying notes.

**Kern Health Systems**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
	(Dollars in Millions)	(Dollars in Millions)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premium received	\$ 2,389.5	\$ 1,248.4
Hospital directed payments received	195.1	208.1
Reinsurance recoveries	1.5	2.2
Medical and hospital payments	(1,492.4)	(1,051.6)
Hospital directed payments paid	(196.5)	(206.5)
Administrative expenses paid	(77.9)	(81.4)
MCO premium tax expense paid	(730.1)	(33.3)
Net cash provided by operating activities	89.3	86.0
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payment of community grants	(10.0)	-
Net cash used in noncapital financing activities	(10.0)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments of subscription liabilities	(2.3)	-
Acquisition of capital assets	(8.7)	(3.0)
Net cash used in capital and related financing activities	(11.0)	(3.0)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,983.3)	(1,475.5)
Proceeds from maturities of investments	2,194.9	1,408.5
Payments (to) received on provider advances	(0.7)	0.7
Proceeds from (payments on) split dollar life insurance	-	(0.1)
Net cash used in investing activities	210.9	(66.4)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	279.2	16.6
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	115.8	99.1
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 395.0	\$ 115.8

See accompanying notes.

**Kern Health Systems**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2024 and 2023**

	2024	2023
	(Dollars in Millions)	(Dollars in Millions)
Reconciliation of operating activities to net cash provided by operating activities		
Operating (loss) income	\$ (67.8)	\$ 40.3
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Depreciation	8.6	8.3
Provision for allowance for doubtful provider advances	-	(0.1)
Changes in		
Deferred outflows of resources	1.6	(0.3)
Net pension liability	(0.4)	2.4
Deferred inflows of resources	(0.1)	(0.1)
Changes in working capital components		
(Increase) decrease in assets		
Premiums receivable and other receivables	156.1	9.6
MCO tax receivable	(20.7)	(343.2)
Hospital directed payments receivable	(93.7)	(25.2)
Prepaid expenses	(1.5)	(3.3)
Increase (decrease) in liabilities		
Accrued medical expenses payable	29.5	26.0
MCO tax payable	(20.7)	343.2
Hospital directed payments payable	95.2	25.4
Accrued expenses	3.3	3.0
Net cash provided by operating activities	<u>\$ 89.3</u>	<u>\$ 86.0</u>

See accompanying notes.

## Kern Health Systems Notes to Financial Statements

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### **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.

**Membership** – For the period during which the Public Health Emergency (“PHE”) was in effect, Medicaid programs were required to keep individuals continually enrolled through the end of the PHE. With the passage and signing of the Consolidated Appropriation Act of 2023 (ACT), the continuous coverage requirement ended resulting in a redetermination period where member eligibility was reviewed. KHS membership for 2024 was expected to decrease due to enrolled members no longer qualifying for Medi-Cal. However, effective January 1, 2024, there were changes to the available Managed Care Plans (MCPs) in Kern County. An existing commercial MCP health plan was replaced in Kern County by another and a separate MCP also entered into the market. Members previously assigned to the exiting MCP were given notice 90-days prior to January 1, 2024 to make a health plan selection. Members who did not choose were defaulted to one of the three available MCPs. KHS gained the largest portion of members previously assigned to the exiting MCP which resulted in unexpected membership growth in 2024.

A summary of KHS’ significant accounting policies follows:

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

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

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

## Kern Health Systems

### Notes to Financial Statements

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**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:

Buildings and improvements	10 – 40 years
Computer hardware and software	5 years
Furniture and equipment	5 years

KHS' capitalization policy is to capitalize all items with a unit cost greater than five thousand with the exception of computer software, which has a per unit capitalization of ten thousand 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 implemented GASB Statement No. 101, Compensated Absences (GASB 101), effective January 1, 2024. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. KHS was in compliance with GASB 101 prior to its issuance, therefore, the implementation of GASB 101 had no effect on the beginning net position as of January 1, 2024 of KHS.

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 accrued expenses on the accompanying statements of net position and amounted to \$5.3 million and \$4.1 million as of December 31, 2024 and 2023, respectively, a net increase of \$1.2 million.

## Kern Health Systems Notes to Financial Statements

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

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

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

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

**Premiums revenue** – Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange payments for managed health care services provided to KHS members. Centers for Medicare and Medicaid Services (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, 2024 and 2023, maternity kick payments in the amount of \$49.9 million or 3.2% and \$39.8 million or 3.3%, respectively, of total premium revenues were recognized.

## Kern Health Systems Notes to Financial Statements

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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 current procedural terminology (CPT) procedure codes. For the years ended December 31, 2024 and 2023, Proposition 56 payments in the amount of \$18.9 million or 1.2% and \$76.0 million or 6.3%, respectively, of total premium revenues were recognized. Proposition 56 physician services supplemental payments ended December 31, 2023 as DHCS has developed Targeted Rate Increases (TRI) for providers in Medi-Cal effective for dates of service on or after January 1, 2024. The TRI for targeted services is to be no less than 87.5% of the Medicare rate. For the year ended December 31, 2024 KHS received \$110.7 million in TRI payments or approximately 7.2% of total premium revenues. KHS also receives supplemental Ground Emergency Medical Transportation (GEMT) revenue provided for the purpose of paying additional amounts to qualifying GEMT providers based on certain specified eligible CPT procedure codes. For the years ended December 31, 2024 and 2023, GEMT payments in the amount of \$7.3 million or 0.5% and \$6.4 million or 0.5%, 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, 2024 and 2023, KHS recognized a net reduction of \$5.4 million or (0.3%) and a net increase of \$3.8 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 treatment and major organ transplants services or introduce new programs such as the services provided under the Enhanced Care Management Program (ECM). Premium rates can also be amended to include supplemental payments for providers, such as those paid under Proposition 56 or GEMT, or to cover a new population of members such as seniors and persons with disabilities (SPD) expansion members and long-term care services.

**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 PMPM basis. Provider participation is based on the similar Managed Care Accountability Set (MCAS) scores that DHCS uses to measure KHS in determining member assignment. KHS determines the level of provider participation based on MCAS scores, with any remaining funds in the pool allocated to the following year incentive pool, community grants, or other quality improvement projects.

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

## **Kern Health Systems**

### **Notes to Financial Statements**

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**Managed Care Organization premium taxes** – Beginning July 1, 2016, under Senate Bill X2-2, the Managed Care Organization (MCO) tax rate was payable to DHCS on a quarterly basis based on projected annual membership. MCO Tax Revenue is received from DHCS monthly based on actual membership on a per member per month fixed dollar amount. This change in MCO tax methodology puts KHS at risk if the assumed membership used in the calculated tax expense is different than the actual membership KHS experiences during the rate year. The premium revenues received include the premium tax assessment. These amounts are reported on a gross basis and are included in total operating revenues with the MCO tax expense presented separate from all other medical and administrative expense. Due to the pause in member redeterminations and continued increases in member enrollment, Medi-Cal plans received significantly more MCO tax revenue than was required to be paid in quarterly MCO tax expense. DHCS indicated excess funds received were subject to recoupment. For the years ended December 31, 2024 and 2023, KHS recognized MCO tax revenue of \$709.4 million and \$376.7 million, respectively. For the years ended December 31, 2024 and 2023, KHS recognized, MCO tax expense in the amount of \$709.4 million and \$376.5 million, respectively.

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

**Pass-through funding from DHCS** – During the years ended December 31, 2024 and 2023, KHS received \$164.9 million and \$92.4 million, respectively, of supplemental hospital quality assurance (HQAF) 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, 2024 and 2023, as this pass-through amount does not meet the requirements for revenue recognition under Governmental Accounting Standards.

**Premium deficiency reserve** – KHS performs periodic analyses of its expected future healthcare costs and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve is accrued. Investment income is not included in the calculation to estimate premium deficiency reserves. KHS's management determined that no premium deficiency reserves were necessary as of December 31, 2024 and 2023.

**Advertising** – KHS expenses advertising costs as they are incurred. Advertising expenses totaled \$2.1 million and \$1.7 million for the years ended December 31, 2024 and 2023, respectively.

**Reclassifications** – Certain items in the financial statements as of and for the year ended December 31, 2023 have been reclassified to conform to the presentation of the financial statements as of and for the year ended December 31, 2024, with no effect on change in net position.

**Subsequent events** – KHS has evaluated subsequent events through April 4, 2025, the date on which the financial statements were available to be issued. There were no subsequent events identified by management that would require disclosure in the financial statements.



## Kern Health Systems

### Notes to Financial Statements

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**Recently adopted authoritative pronouncements** – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* (GASB 100). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

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

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

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

KHS adopted GASB 100 as of January 1, 2024, however, it did not have a significant impact on the financial statements.

KHS implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), as of January 1, 2024. GASB 96 provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). GASB 96 (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. See Note 8 for further discussion of SBITAs.

## Kern Health Systems Notes to Financial Statements

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

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

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

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

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

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

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of GASB 103 is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through preagenda research conducted by the GASB. GASB 103 is effective for KHS during the year ended December 31, 2026. Management is evaluating the implementation of this statement on their financial statements.

### Kern Health Systems Notes to Financial Statements

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of GASB 104 is to provide users of government financial statements with essential information about certain types of capital assets. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right to use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription- Based Information Technology Arrangements (SBITAs), also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. GASB 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. GASB 104 is effective for KHS during the year ended December 31, 2026. Management is evaluating the implementation of this statement on their financial statements.

#### Note 2 – Cash, Cash Equivalents, and Investments

Cash, cash equivalents and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	(Dollars in Millions)	
Deposits	\$	11.4
Treasury bills, Local Agency Investment Fund (LAIF), and money market funds		383.6
Cash on hand		-
Total cash and cash equivalents	\$	395.0
		Cost                      Fair Value
Investments		
Unrestricted		
Government agency bonds and notes	\$ 159.5	\$ 159.3
Corporate bonds and notes	66.4	66.7
Total unrestricted	225.9	226.0
Restricted		
Certificates of deposit	0.3	0.3
Total investments	\$ 226.2	\$ 226.3

### Kern Health Systems Notes to Financial Statements

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

Cash and cash equivalents	(Dollars in Millions)	
Deposits	\$	9.2
Treasury bills, Local Agency Investment Fund (LAIF), and money market funds		106.5
Cash on hand		-
Total cash and cash equivalents	\$	115.8

	Cost	Fair Value
Investments		
Unrestricted		
Government agency bonds and notes	\$ 327.0	\$ 327.2
Corporate bonds and notes	78.9	78.9
Total unrestricted	405.9	406.1
Restricted		
Certificates of deposit	0.3	0.3
Total investments	\$ 406.2	\$ 406.4

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

Certificates of deposit are carried at cost plus accrued interest. The bank balances are protected by a combination of Federal Deposit Insurance Corporation (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.

### Kern Health Systems Notes to Financial Statements

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	Note 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	40%	(5)	A
Money market funds	5 years	40%	(4)	AAA
Mortgage or asset-backed securities	5 years	20%	(6)	AAA
Variable and floating rate securities	5 years	30%	5%	AAA
LAIF	5 years	50%	5%	Not rated

- (1) May not exceed the 5.0% limit of any one commercial bank and may not exceed the 5.0% limit for any security on any bank.
- (2) May not exceed more than 10.0% of the outstanding commercial paper of the issuing corporation.
- (3) May not exceed 50.0% if maturity is less than or equal to 7 days; 25.0% if maturity is greater than 7 days.
- (4) May not exceed more than 10.0% 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 5.0% 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 LAIF is considered "exempt from disclosure" under GASB Codification Section 150.

## Kern Health Systems Notes to Financial Statements

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GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5.0% 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 5.0% of its total investments as of December 31, 2024 or 2023.

**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 110.0% of the total amount deposited by the public agencies.

**Cash equivalents in State investment pool** – KHS is a voluntary participant in the 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.

## **Kern Health Systems**

### **Notes to Financial Statements**

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

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

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

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

All investments held by KHS as of December 31, 2024 and 2023, are considered to be Level 1 assets.

KHS invests in professionally managed portfolios that contains bonds of publicly traded companies and

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

#### **Note 4 – Hospital Directed Payments**

Beginning with the July 1, 2017 rating period, the 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 MCP, like KHS, to pay specified contracted network providers in accordance with terms approved by CMS and directed by DHCS.

**Kern Health Systems**  
**Notes to Financial Statements**

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The projected value of the program payment obligations to designated hospitals are accounted for as medical expenses and paid through additional capitation revenue. Due to the timing of the program acceptance by CMS and delays in funding to MCPs, final rates of the various hospital directed payment programs are not available until paid. KHS accrued hospital directed payments receivable of \$555.7 million and hospital directed payments payable of \$557.2 million as of December 31, 2024. For the year ended December 31, 2023, KHS accrued hospital directed payments receivable of \$462.0 million and hospital directed payments payable of \$462.0 million. The amount of premium revenue for hospital directed payment programs recognized for the years ended December 31, 2024 and 2023, was \$288.8 million and \$233.3 million, respectively, and is reported as part of operating revenues on the accompanying statements of revenues, expenses, and changes in net position. Hospital directed payment expense obligations recognized for the years ended December 31, 2024 and 2023, were \$291.6 million and \$231.9 million, respectively, and are reported as part of operating expenses on the accompanying statements of revenues, expenses, and changes in net position. As stated above, KHS has very little visibility as to the timing of these payments until actually paid by DHCS.

**Note 5 – Other Receivables**

Other receivables consist of the following as of December 31, 2024 and 2023:

	(Dollars in Millions)	
	2024	2023
Provider receivable	\$ 2.4	\$ 1.4
Interest	0.2	0.4
Other	-	0.5
	<u>\$ 2.6</u>	<u>\$ 2.3</u>



## Kern Health Systems Notes to Financial Statements

### Note 6 – Capital Assets

Capital asset activity for the years ended December 31, 2024 and 2023, is as follows:

(Dollars in Millions)					
	Balance January 1, 2024	Additions	Deletions	Transfers	Balance December 31, 2024
Capital assets not being depreciated					
Land	\$ 4.1	\$ -	\$ -	\$ -	\$ 4.1
Capital projects in progress	2.3	6.8	-	(8.2)	1.0
Subtotal	6.4	6.8	-	(8.2)	5.1
Capital assets being depreciated					
Buildings and improvements	37.0	-	-	0.9	37.9
Computer hardware and software	48.8	1.6	(0.9)	6.6	56.1
Furniture and equipment	4.8	0.2	(0.1)	0.7	5.6
Subtotal	90.6	1.9	(1.0)	8.2	99.6
Accumulated depreciation					
Buildings and improvements	3.9	0.9	-	-	4.8
Computer hardware and software	30.2	6.9	(0.9)	-	36.2
Furniture and equipment	3.8	0.7	(0.1)	-	4.4
Subtotal	37.8	8.6	(1.0)	-	45.4
Net depreciable capital assets	52.8	(6.7)	-	8.2	54.2
Total capital assets	\$ 59.1	\$ 0.1	\$ -	\$ -	\$ 59.3

(Dollars in Millions)					
	Balance January 1, 2023	Additions	Deletions	Transfers	Balance December 31, 2023
Capital assets not being depreciated					
Land	\$ 4.1	\$ -	\$ -	\$ -	\$ 4.1
Capital projects in progress	2.2	1.8	-	(1.7)	2.3
Subtotal	6.3	1.8	-	(1.7)	6.4
Capital assets being depreciated					
Buildings and improvements	36.7	-	-	0.3	37.0
Computer hardware and software	46.9	1.0	(0.3)	1.2	48.8
Furniture and equipment	4.4	0.1	(0.0)	0.3	4.8
Subtotal	88.0	1.2	(0.3)	1.7	90.6
Accumulated depreciation					
Buildings and improvements	3.0	0.9	-	-	3.9
Computer hardware and software	23.8	6.7	(0.3)	-	30.2
Furniture and equipment	3.2	0.6	(0.0)	-	3.8
Subtotal	29.9	8.3	(0.3)	-	37.8
Net depreciable capital assets	58.1	(7.1)	(0.0)	1.7	52.8
Total capital assets	\$ 64.4	\$ (5.3)	\$ (0.0)	\$ -	\$ 59.1

**Kern Health Systems**  
**Notes to Financial Statements**

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**Note 7 – 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 \$0.8 million upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$0.8 million and \$0.9 million as of December 31, 2024 and 2023, 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 \$0.8 million upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$0.8 million as of December 31, 2024 and 2023.

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

**Note 8 – Subscription Based Information Technology Arrangements**

GASB 96 statement regarding the recording of software subscription licenses was implemented as of January 1, 2024. The statement requires implementation to be applied retroactively by restating financial statements, if practicable, for all fiscal years presented. Restatement of prior fiscal years was not practicable due to incomplete available information and there was no cumulative effect of implementation on the beginning net position.

KHS is the end user for various short-term SBITAs. Short-term SBITAs that have a term of 12 months or less, are recognized as an outflow of resources when payment is made. For SBITAs with subscription terms extending beyond one year, KHS recognizes an intangible right to use subscription asset and a corresponding subscription liability on the accompanying statements of net position. The Plan has several subscription contracts that expire at various dates through 2029, some of which have renewal options. For those contracts where renewal options are reasonably certain to be exercised, the Plan recognizes renewal option periods in the determination of its intangible right to use subscription asset and subscription liability balances. The Plan uses rates ranging from 4.75% to 8.5% to determine the present value if its subscriptions liabilities.

KHS had the following intangible right to use subscription asset and subscription liability activities for the year ended December 31, 2024:

	(Dollars in Millions)			
	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024
Intangible right to use subscription asset	\$ 8.0	\$ 7.3	\$ -	\$ 15.3
Less accumulated amortization	-	(6.4)	-	(6.4)
Total Intangible right to use subscription asset, net	8.0	0.9	-	8.9
Subscription liability	\$ 2.8	\$ 7.3	\$ (2.3)	\$ 7.7

For the year ended December 31, 2024, KHS recognized \$6.4 million in amortization expense, which is included in administrative expenses on the accompanying statements of revenues, expenses, and changes in net position.

### Kern Health Systems Notes to Financial Statements

The future principal and interest subscription payments as of December 31, 2024, were as follows:

Years Ending June 30,	(Dollars in Millions)		Total
	Principal	Interest	
2025	\$ 2.2	\$ 0.5	\$ 2.7
2026	2.2	0.4	2.5
2027	1.3	0.3	1.6
2028	1.4	0.2	1.6
2029	0.6	0.2	0.8
	<u>\$ 7.7</u>	<u>\$ 1.5</u>	<u>\$ 9.2</u>

#### Note 9 – Accrued Medical Expenses Payable

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

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

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

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized \$4.7 million and \$14.1 million of favorable prior year IBNR adjustments for the years ended December 31, 2024 and 2023, respectively, due to lower-than-expected utilization.

### Kern Health Systems Notes to Financial Statements

**Proposition 56 and TRI** – 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 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. As of December 31, 2024 and 2023, KHS had accrued \$23.8 million and \$55.8 million, respectively, in payments to providers for Proposition 56. If less than the targeted amount accrued is paid to providers, amounts will be returned to the State through the performance of DHCS' risk corridor calculation. Proposition 56 physician services supplemental payments ended December 31, 2023, as DHCS developed TRIs for providers in Medi-Cal effective for dates of service on or after January 1, 2024. The TRI for targeted services are to be no less than 87.5% of the Medicare rate. As of December 31, 2024, KHS has accrued \$15.6 million in payments to providers for TRI.

**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 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. As of December 31, 2024 and 2023, KHS had accrued \$25.5 million owed to the state for the rate period July 1, 2019 through December 31, 2020.

Accrued medical expenses payable consist of the following as of December 31, 2024 and 2023:

	(Dollars in Millions)	
	2024	2023
Estimated incurred but not reported claims	\$ 146.6	\$ 123.6
Claims payable	28.4	18.2
Bridge risk corridor	25.5	25.5
Supplemental proposition 56 provider payments	23.8	55.8
Major organ transplant	18.5	11.2
Targeted rate increase (TRI) liability	15.6	-
Enhanced care management (ECM) risk corridor	11.5	9.2
Provider performance quality incentive	7.0	6.3
Allowance for claims processing expense	4.8	3.8
Unsatisfactory immigration status (UIS) risk corridor	1.2	-
California Advancing and Innovating Medi-Cal (CalAIM) incentive	0.4	0.4
Distinct part nursing facility liability	0.1	-
	<u>\$ 283.3</u>	<u>\$ 253.8</u>

## Kern Health Systems

### Notes to Financial Statements

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#### Note 10 – Accrued Expenses

Accrued expenses consist of the following as of December 31, 2024 and 2023:

	(Dollars in Millions)	
	2024	2023
Salaries and employee benefits	\$ 7.4	\$ 5.6
Accounts payable	6.5	5.1
Other passthrough liability	0.9	1.3
CalPERS employee and employer contributions	0.5	0.8
Community grants payable	0.2	0.4
New building and construction	0.1	0.1
Other taxes and licenses	-	0.6
	\$ 15.6	\$ 13.9

#### Note 11 – Restricted Investments and Tangible Net Equity

As required by the State of California's Department of Managed Health Care (DMHC), Section 1300.76.1, KHS has acquired certificates of deposit with three financial institutions totaling \$0.3. 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 \$0.1 each on July 31, 2026, June 5, 2026 and June 8, 2026.

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 \$78.7 million and \$58.2 million as of December 31, 2024 and 2023, respectively. KHS' tangible net equity was \$333.6 million and \$380.2 million as of December 31, 2024 and 2023, 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>.

### Kern Health Systems Notes to Financial Statements

*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 5 years of total service are eligible to retire at age 50 or 52 (classic miscellaneous members or PEPRA miscellaneous members, respectively) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect as of December 31, 2024 and 2023, are summarized as follows:

Hire date	2024			2023	
	Classic	PEPRA		Classic	PEPRA
	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% at 60	2% at 60	2% @ 62	2% at 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 percentage of eligible compensation	2%	2%	2%	2%	2%
Retirement employee contribution rates	7%	7.00%	7.75%	6.93%	7.75%
	6.709% to	10.10% to	7.68% to	8.63% to	7.74% to
Required employer contribution rates	7.159%	10.15%	7.87%	10.100%	7.68%

*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, 2024 and 2023, the employer contributions recognized as part of pension expense were \$5.3 million and \$4.0 million, respectively.

**Pension liabilities, pension expenses, and deferred outflows/inflows of resources related to pensions** – As of December 31, 2024 and 2023, KHS reported a net pension liability for its proportionate share of the net pension liability of \$12.3 million and \$12.7 million, respectively.

KHS' fiduciary net pension as a percentage of KHS' total pension liability for the years ended December 31, 2024 and 2023, was 88.3% and 86.0%, respectively.

### Kern Health Systems Notes to Financial Statements

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, 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, 2024 and 2023, was as follows:

Proportion, June 30, 2023	0.3995%
Proportion, June 30, 2024	0.4333%
Change - increase	0.0338%

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

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

For the years ended December 31, 2024 and 2023, KHS recognized pension expense of \$6.4 million and \$6.7 million, respectively. As of December 31, 2024 and 2023, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	(Dollars in Millions)			
	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3.3	\$ -	\$ 3.0	\$ -
Changes in assumptions	0.5	-	1.2	-
Differences between expected and actual experiences	1.8	0.1	1.0	0.2
Net differences between projected and actual earnings on pension plan investments	1.2	-	3.2	-
Total	\$ 6.8	\$ 0.1	\$ 8.4	\$ 0.2

### Kern Health Systems Notes to Financial Statements

\$3.3 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ending December 31, 2025. 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,

	(Dollars in Millions)
2025	\$ 1.2
2026	2.7
2027	-
2028	(0.4)
	<u>\$ 3.5</u>

**Actuarial methods and assumptions** – The total pension liabilities in the June 30, 2023 and 2022, actuarial valuations were determined using the following actuarial assumptions:

	2024	2023
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions		
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.80%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.00%(a)	7.00%(a)
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

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

(b) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80.0% of Scale MP 2020 published by the Society of Actuaries.

**Discount rate** – The discount rate used to measure the total pension liability was 6.9% as of June 30, 2023 and 2022. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate of 6.9% as of June 30, 2023 and 2022, is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at <http://www.calpers.ca.gov>.



### Kern Health Systems Notes to Financial Statements

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According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.9% as of June 30, 2023 and 2022, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.05% as of June 30, 2023 and 2022. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

Asset Class	Assumed Return Allocation	Real Return (1) (2)
Global Equity - Cap-weighted	30.0%	4.5%
Global Equity - Non-Cap-weighted	12.0%	3.8%
Private Equity	13.0%	7.3%
Treasury	5.0%	0.3%
Mortgage-backed Securities	5.0%	0.5%
Investment Grade Corporates	10.0%	1.6%
High Yield	5.0%	2.3%
Emerging Market Debt	5.0%	2.5%
Private Debt	5.0%	3.6%
Real Assets	15.0%	3.2%
Leverage	(5%)	(0.59%)

(1) An expected inflation of 2.3% was used for this period

(2) Figures are based on the 2021-22 Asset Liability Management study

**Kern Health Systems**  
**Notes to Financial Statements**

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –**  
The following presents KHS' proportionate share of the net pension liability, calculated using the discount rate, as well as what KHS' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	(Dollars in Millions)	
	2024	2023
1.0% decrease		
Net pension liability	\$ 20.5	\$ 20.4
Current discount rate		
Net pension liability	\$ 12.3	\$ 12.7
1.0% increase		
Net pension liability	\$ 5.5	\$ 6.3

**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 100.0% of contributions made by KHS employees to their 457(b) plan up to a maximum of 6.0% 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 100.0% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was \$2.8 million and \$2.3 million for the years ended December 31, 2024 and 2023, respectively.

**Note 13 – Reinsurance**

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

For each of the years ended December 31, 2024 and 2023, coverage provides reimbursement of approximately 90 percent, of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of \$2.0 million per member per contract year.

For the years ended December 31, 2024 and 2023, the premium coverage is \$0.28 and \$0.27 PMPM, respectively, with no minimum annual premium requirement.

The deductible for each individual member was \$0.35 for each of the years ended December 31, 2024 and 2023, and the Aggregate Specific Retention deductible was \$0.20 PMPM and \$0.23 PMPM, respectively, for the years ended December 31, 2024 and 2023.

## Kern Health Systems Notes to Financial Statements

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Reinsurance premiums of \$1.3 million and \$1.1 million are included in medical and hospital expense on the accompanying statements of revenues, expenses, and changes in net position for the years ended December 31, 2024 and 2023, respectively. Reinsurance recoveries of \$1.5 million and \$2.2 million are included in operating revenues on the accompanying statements of revenues, expenses, and changes in net position for the years ended December 31, 2024 and 2023, respectively.

### **Note 14 – Commitments and Contingencies**

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

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

**California Advancing and Innovating Medi-Cal (CalAIM) Program** – Effective January 1, 2022, DHCS implemented CalAIM, a multi-year initiative aimed at improving the quality of life and health outcomes of the Medi-Cal managed care population through the implementation of a broad delivery system, and program and payment reform across the Medi-Cal program. CalAIM's ECM and Community Support programs required significant investments in care management capabilities in which DHCS provided additional funding to Medi-Cal managed care plans. For the years ended December 31, 2024 and 2023, CalAIM initiative payments, including ECM funding and Housing and Homelessness Incentive Program (HHIP) funds, in the amount of \$73.1 million or 4.7% and \$48.1 million or 4.0%, respectively, of total premium revenues were recognized.

CalAIM is a multi-year initiative by DHCS to implement policy changes with the objectives of:

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

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

## Kern Health Systems Notes to Financial Statements

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

DMHC conducted a routine medical audit in January 2023, as part of the regulatory oversight of medical services provisioned to KHS membership from September 1, 2020 through August 31, 2022. Upon completion of the audit, KHS was notified in March 2024 of audit findings related to emergency room and post stabilization denials for inpatient confinements. Corrective Action Plans (CAPs) were submitted to DMHC in March 2024 with a final report from DMHC received by KHS in October 2024. At that time, DMHC did not accept the Corrective Action Plans submitted and in turn, forwarded the audit findings to the Office of Enforcement (OOE). KHS continues to remediate the findings in preparation for OOE inquiry. To date, KHS has not been contacted by the OOE for additional information or audit. It is unknown if any adjustments from the audit findings would be material.

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

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

**Compliance** – Our compliance efforts are aimed at prevention, detection, and resolution of variances.

The key components of the KHS's Compliance Plan are:

- Written policies and procedures
- Compliance leadership and oversight
- Effective training and education
- Effective lines of communication
- Enforcement Standards: consequences and incentives
- Risk Assessment, Auditing and Monitoring
- Responding to Detected Offenses and Developing Corrective Action Initiatives

## Kern Health Systems

### Notes to Financial Statements

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The goal of our compliance program is to build a culture of integrity, ethics, and compliance, which is assessed periodically to measure engagement and effectiveness. Our program aims to mitigate risk for the organization protect privacy, maintain and promote high quality care delivery, and detect, prevent, and correct fraud, waste and abuse.

**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.

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

**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.

## **Kern Health Systems**

### **Notes to Financial Statements**

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**Cybersecurity** – The KHS cybersecurity program is an element of our enterprise-wide risk management practices. We use the NIST Cybersecurity Framework and ISO 27001 to guide the program utilizing policies, processes, and technologies to assess, identify, and manage the cybersecurity threats that we face. We use these policies, processes and technologies to identify internal and external threats, establish access control, data privacy and security measures, detect unauthorized activity, and respond to and recover from incidents. We leverage external experts and our internal threat and risk teams to assess potential threats, retain a third-party compliance firm to conduct penetration tests and health checks on our information systems, conduct cyber security and awareness training to help team members identify and manage common categories of cybersecurity threats, and utilize multiple defensive and investigative tools to identify active and potential threats. We leverage a 24/7 Security Operations Center (SOC) to ensure prompt response to potential security incidents that may occur outside business hours.

KHS' cybersecurity program also includes processes and controls to assess the cybersecurity risk associated with third-party vendors and partners. Following an initial assessment of the level of enterprise risk potentially posed by use of the third-party, the vendor is then subject to further risk-based assessments, the level of which depends upon the assigned risk value of the service being provided, which may include the completion of security questionnaires and the provision of independent security certifications.

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

**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. There were no significant recoupments during the years ended December 31, 2024 or 2023. Premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

**Bridge risk 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 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

## Kern Health Systems

### Notes to Financial Statements

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**Expansion risk corridor liability adjustment** – The risk corridor liability is based on management's best estimate of a medical loss ratio estimate for KHS Expansion members that have medical expenses below 85.0% of premiums. KHS is required to refund to the State amounts below 85.0%. The calculation of the 85.0% medical loss ratio is subject to the following adjustments:

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

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

This examination has several objectives:

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

As of December 31, 2024, KHS had not received any additional correspondence from CMS or the contractor designated to perform the examinations. It is unknown if there will be any adjustments resulting from the MLR examinations and whether such adjustments would be material. No liability had been recorded as of December 31, 2024 or 2023 related to this risk corridor liability.

Any adjustments to the bridge risk corridor liability or expansion risk corridor liability amounts could be significant and would increase or decrease reported medical expenses in the year the adjustment is required.

## **Kern Health Systems**

### **Notes to Financial Statements**

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**New MLR requirement beginning January 1, 2024** – Effective January 1, 2024, managed care plans like KHS must return funds to DHCS if their MLR falls below 85.0%. There was no liability recorded related to this requirement as of December 31, 2024.

**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 138.0% of the federal poverty line. The federal government paid 100.0% of the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016, 95.0% in 2017, 94.0% in 2018, 93.0% in 2019, 90.0% from 2020 to 2024. For the years ended December 31, 2024 and 2023, KHS served an average of 114,934 and 98,676 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately \$535.4 million and \$433.9 million, respectively.

#### **Note 15 – Concentration of Revenue**

KHS' operating revenue is primarily derived from DHCS. KHS' current contract term with DHCS is to provide health care services through December 31, 2025 and is subject to cancellation upon DHCS providing at least 60 days written notice and KHS providing at least 6 months written notice. For the years ended December 31, 2024 and 2023, over 99.0% of KHS' total operating revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints. The ability of KHS to continue as a going concern is dependent on its continued compliance with the DHCS requirements. The loss of this contract would have an adverse effect on KHS' future operations.



### **Required Supplementary Information**

**Kern Health Services**  
**Schedules of Proportionate Share of the Net Pension (Asset) Liability**  
**As of December 31, 2024**

	2024	2023	2022	2021	(Dollars in Millions)		2018	2017	2016	2015
<b><i>CalPERS - Miscellaneous Classic Plan- Last 10 Years*</i></b>					2020	2019				
Proportion of the net pension liability	0.433333%	0.39949%	0.36636%	0.32206%	0.28810%	0.26415%	0.23579%	0.21146%	0.19046%	0.17122%
Proportionate share of the net pension (asset) liability	\$ 12,251,788	\$ 12,665,462	\$ 10,218,206	\$ (693,712)	\$ 8,432,377	\$ 7,038,233	\$ 5,865,463	\$ 6,082,752	\$ 4,769,187	\$ 3,104,717
Covered-employee payroll	\$ 47,074,602	\$ 21,502,725	\$ 21,002,601	\$ 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	0.00%	58.90%	48.65%	-3.35%	43.40%	37.00%	33.08%	35.47%	27.47%	31.21%
Plan's fiduciary net position (in thousands)	\$ 19,241,278	\$ 17,692,895	\$ 16,770,671	\$ 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	79.91%	77.97%	78.19%	90.49%	77.71%	77.73%	77.69%	75.39%	75.87%	79.89%
KHS' fiduciary net position as a percentage of KHS' total pension liability	88.26%	86.03%	87.00%	101.08%	88.20%	85.18%	85.27%	82.04%	82.61%	83.03%
<b><i>CalPERS - Miscellaneous PEPRA Plan- Last 10 Years**</i></b>										
Proportion of the net pension liability										0.00362%
Proportionate share of the net pension (asset) liability										\$ (30,922)
Covered-employee payroll										\$ 6,909,343
Proportionate share of the net pension liability as a percentage of covered-employee payroll										-0.45%
Plan's fiduciary net position (in thousands)										\$ 10,639,461
Plan fiduciary net position as a percentage of the total pension liability										79.89%
KHS' fiduciary net position as a percentage of KHS' total pension liability										83.03%

\* For the fiscal year ended December 31, 2016, CALPERS combined the Classic and PEPRA Plans into one plan. Therefore, the information presented for the years ended 2023 through 2016 for the miscellaneous Classic Plan includes the PEPRA Plan.

\*\* 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 Services  
Schedules of Pension Contributions  
Year Ended December 31, 2024**

	2024	2023	2022	2021	(Dollars in Millions)		2018	2017	2016	2015
<b>CalPERS - Miscellaneous Classic Plan- Last 10 Years*</b>					2020	2019				
Contractually required contribution (actuarially determined)	\$ 53,218,647	\$ 4,036,369	\$ 3,516,567	\$ 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	5,328,647	4,036,369	3,516,567	2,951,981	2,536,160	2,074,974	1,822,052	1,625,952	1,314,297	841,252
Contribution deficiency (excess)	\$ 47,890,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 47,074,602	\$ 21,502,725	\$ 21,002,601	\$ 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	0.00%	18.77%	16.74%	14.25%	13.05%	10.91%	10.27%	9.48%	7.57%	8.46%
Notes to schedule										
Valuation date		June 30, 2022	June 30, 2021	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	20 years	21 years	22 years	23 years	24 years	25 years	26 years	27 years	28 years	29 years
Asset valuation method					5-year smoothed market					
Inflation	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%
Salary increases	2.80%	2.80%	2.55%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%	3.00%
Investment rate of return (a)	6.90%	6.90%	6.90%	7.00%	7.15%	7.15%	7.15%	7.15%	7.65%	7.50%
Retirement age					50 years and 5 years of service					
Mortality		(b)	(b)	(c)	(c)	(c)	(c)	(c)	(c)	(c)

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

(b) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80.0% of Scale MP 2020 published by the Society of Actuaries.

(c) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90.0% of scale MP 2016.

\* For the fiscal year ended December 31, 2016 CALPERS combined the Classic and PEPRAs into one plan. Therefore, the information presented for the years ended 2023 through 2016 for the miscellaneous Classic Plan includes the PEPRAs.

# Kern Health Services Schedules of Pension Contributions Year Ended December 31, 2024

<b>CalPERS - Miscellaneous PEPRA Plan- Last 10 Years**</b>	<b>2015</b>
Contractually required contribution (actuarially determined)	
Contributions in relation to the actuarially determined contributions	\$ 367,525
	<u>367,525</u>
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	20 years of projected on-going mortality
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.



**Report of Independent Auditors 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***

The Board of Directors  
Kern Health Systems

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kern Health Systems, which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 4, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kern Health Systems's 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.



Irvine, California  
April 4, 2025



COMMUNICATION OF INTERNAL  
CONTROL RELATED MATTERS

**Kern Health Systems**

December 31, 2024





## Communications of Internal Control Related Matters

To the Management and the Board of Directors of  
Kern Health Systems

In planning and performing our audit of the financial statements of Kern Health Systems (the Company) as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *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.

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

*Moss Adams LLP*

Los Angeles, California  
April 4, 2025





April 4, 2025

Moss Adams LLP  
21700 Oxnard Street, Suite 300  
Woodland Hills, CA 91367

We are providing this letter in connection with your audit of the financial statements of Kern Health Systems ("KHS"), which comprise the statement of net position and the related statements of revenues, expenses, and changes in net position, and cash flows as of December 31, 2024 and for the year then ended and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the 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.

Except where otherwise stated below, immaterial matters less than \$1,320,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 4, 2025,

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 4, 2024, for the preparation and fair presentation of the financial statements 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 controls to prevent and detect fraud.
- 4) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 5) Related party relationships and transactions have been 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.

**Information Provided**

- 8) We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Minutes of the meetings of the Board of Directors, Finance Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared;
  - c. Additional information that you have requested from us for the purpose of the audit;
  - d. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- 9) All transactions have been properly recorded in the accounting records and are reflected in the financial statements.
- 10) We have retained copies of all information we provided to you during the engagement and have been provided copies of all necessary financial and non-financial schedules, memos, data, and other information related to all services performed by you, such that in our opinion our records are complete, including our records supporting our financial statements and all related accounting policies and positions. Furthermore, you do not act as the sole host of any financial or non-financial information system for us, nor do you provide any electronic security or back-up services for our data or records.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the entity and involves—
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others when the fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

- 14) We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. We also acknowledge our responsibility for the Organization's compliance with laws and regulations.
- 15) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 16) We have disclosed to you the identity of all the Organization's related parties and all the related party relationships and transactions of which we are aware.
- 17) There have been no communications (oral or written) from regulatory agencies, governmental representatives, employees, or others concerning the investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
- 18) Deposits and investment securities are properly classified in category of custodial credit risk.
- 19) Net position components (invested in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 20) We are not aware of any violation of the Health Insurance Portability and Accountability Act.
- 21) The methods and significant assumptions used to determine fair values of investments are appropriate. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
- 22) We have reviewed investments for impairment whenever events or changes in circumstances have indicated that the carrying amount of its assets might not be recoverable and have appropriately recorded the adjustment. Based on this review, we have identified no marketable securities with impairments as of December 31, 2024.
- 23) We agree with the findings of specialists in evaluating the Company's liability for claims liabilities and net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to 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 specialists. We believe that the actuarial assumptions and methods used to measure claims liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 24) As of December 31, 2024, we have determined that a premium deficiency reserve is not required.

- 25) Due to the timing of the hospital directed payment program acceptance by CMS and delays in funding to MCPs, final rates of the various hospital directed payment programs are not available until paid. KHS accrued hospital directed payments receivable of \$555.7 million and hospital directed payments payable of \$557.2 million as of December 31, 2024. The amount of premium revenue for hospital directed payment programs recognized for the year ended December 31, 2024 was \$288.8 million, and is reported as part of operating revenues on the accompanying statements of revenues, expenses, and changes in net position. Hospital directed payment expense obligations recognized for the year ended December 31, 2024, were \$291.6 million, and is reported as part of operating expenses on the accompanying statements of revenues, expenses, and changes in net position. As stated above, KHS has very little visibility as to the timing of these payments until actually paid by DHCS.
- 26) 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 \$0.8 million upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$0.8 million as of December 31, 2024. 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 \$0.8 million upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$0.8 million as of December 31, 2024. The employee retired from KHS in July 2022; however, the above agreements remain in place.
- 27) 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 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. As of December 31, 2024, KHS had accrued \$23.8 million, in payments to providers for Proposition 56. If less than the targeted amount accrued is paid to providers, amounts will be returned to the State through the performance of DHCS' risk corridor calculation. Proposition 56 physician services supplemental payments ended December 31, 2023, as DHCS developed TRIs for providers in Medi-Cal effective for dates of service on or after January 1, 2024. The TRI for targeted services are to be no less than 87.5% of the Medicare rate. As of December 31, 2024, KHS has accrued \$15.6 million in payments to providers for TRI.

- 28) 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 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. As of December 31, 2024, KHS had accrued \$25.5 million owed to the state for the rate period July 1, 2019 through December 31, 2020.
- 29) The Organization has evaluated all other medical claim (non-IBNR) liability reserves and considered all available information and believes there is a reasonable basis for the estimates recorded in the consolidated financial statements as of December 31, 2024.
- 30) 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 \$78.7 million as of December 31, 2024. KHS' tangible net equity was \$333.6 million as of December 31, 2024. The Organization is in compliance with the tangible net equity and working capital requirements pursuant to the Knox-Keene Health Care Service Plan Act as of June 30, 2024.
- 31) We confirm that the eligibility of Medi-Cal beneficiaries is determined by the DHCS. The DHCS provides the Plan the validated monthly eligibility file of program beneficiaries who are continuing, newly added, or terminated from the program in support of capitation revenue for the respective month.
- 32) We confirm that we have appropriately considered new accounting pronouncements issued by GASB and have properly reflected the results of adoption GASB No. 96, *Subscription-Based Information Technology Arrangements*, effective January 1, 2024.
- 33) We acknowledge our responsibility for presenting the following required supplementary information: management's discussion and analysis, schedule of proportionate changes in net pension liability and schedule of pension contributions required by the GASB, in accordance with U.S. GAAP and we believe the required supplementary information is measured and presented in accordance with the prescribed guidelines. The methods of measurement and presentation of the required supplementary information have not changed from those used in the prior periods, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the required supplementary information.
- 34) In regards to the assistance provided with respect to drafting of the financial statements performed by you, we have:
  - a. Made all management decisions and performed all management functions,

- b. Designated an individual with suitable skill, knowledge, or experience to oversee the services,
  - c. Evaluated the adequacy and results of service performed, and
  - d. Accepted responsibility for the results of the services.
- 35) To the best of our knowledge and belief, no events have occurred subsequent to the statement of net position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned consolidated financial statements.
- 36) We are not aware of any cybersecurity events that took place during the year ended December 31, 2024, or subsequent to the year ended December 31, 2024 that would have a material impact on the financial statements.
- 37) GASB 96 statement regarding the recording of software subscription licenses was implemented as of January 1, 2024. The statement requires implementation to be applied retroactively by restating financial statements, if practicable, for all fiscal years presented. Restatement of prior fiscal years was not practicable due to incomplete available information and there was no cumulative effect of implementation on the beginning net position.
- 38) The actuary used by management in estimating the incurred but not reported (IBNR) had a sufficient level of competence and experience, including an understanding of the appropriate methods for calculating such reserve estimates. We recognize that we are responsible for the actuarial amounts and balances and, in our opinion, all such amounts are fairly presented.
- 39) The liability for unpaid claims, including amounts for incurred but not reported claims, has been determined using estimated ultimate costs of settling the claims (including the effects of inflation and other societal and economic factors), considering past experience adjusted for current trends and any other appropriate factors that would modify past experience. The estimated liabilities are an accurate estimate of our incurred but unreported claims liabilities as of December 31, 2024. The data used in projecting the ultimate unpaid claims is complete and accurate, and is reconciled to the underlying accounting records. The adjustment from the prior year is included in the current period as a change in accounting estimate.

Moss Adams LLP  
April 4, 2025  
Page 7 of 7



Emily Duran, Chief Executive Officer



Robert Landis, Chief Financial Officer



Veronica Barker, Controller







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**MEMORANDUM**

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**TO:** Kern Health Systems Finance Committee

**FROM:** Louie Iturriria, Senior Director of Marketing and Member Engagement

**SUBJECT:** Blackhawk Network, Inc. Contract Extension

**DATE:** April 11, 2025

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**Background**

In July 2022, Kern Health Systems (KHS) entered into an agreement with Blackhawk Network, Inc. (BHN) to support member engagement and incentive programs. BHN provides KHS with prepaid card distribution and gift card processing solutions that enhance participation in wellness initiatives.

KHS determined that its members would benefit from an improved fulfillment experience with a VISA reloadable rewards program and contracted with InComm, whose platform offers these services. The current process issues a separate gift card for each completed program benefit. The InComm platform allows rewards to be loaded onto a single reusable VISA card. This provides a more convenient experience for members and streamlines fulfillment by reducing distribution time and administrative overhead. Additionally, the InComm solution is expected to be more cost-effective over time due to decreased processing and mailing costs.

The InComm contract was approved by the Board of Directors on February 15, 2024. KHS is working diligently to ensure full regulatory compliance and alignment with internal operational readiness, which will support a smoother and more successful implementation. KHS is in the process of transitioning to the new platform; however, regulatory approval of the contract is still pending. To ensure uninterrupted member rewards fulfillment, KHS must extend the current contract with BHN until the new vendor receives state approval and the transition to InComm is successfully completed.

**Discussion**

The current agreement between KHS and BHN is set to expire on June 30, 2025. To maintain uninterrupted service, KHS intends to extend the agreement on a time and materials basis through June 30, 2026. This extension ensures that BHN will fulfill prepaid reward card orders, including servicing cardholders and delivering all related services, until the new awarded vendor, InComm, is fully operational for the Gift Cards program. During this transition period, the vendor will ensure uninterrupted support and service to maintain smooth operations.

**Financial Impact**

Cost for one (1) year extension with BHN from July 1, 2025, to June 30, 2026 with an additional amount of \$287,400 for administrative costs in budgeted expenses. Raising the total aggregate not-to-exceed amount from \$195,000 up to \$482,400 for the Member Rewards Program.

**Requested Action**

Approve; Refer to KHS Board of Directors in authorizing the CEO to amend the contract with Blackhawk Network, Inc. to extend the term for an additional one (1) year and increasing the not-to-exceed amount by \$287,400 for a new not-to-exceed amount of \$482,400.

Attachment A



## KERN HEALTH SYSTEMS

### AGREEMENT AT A GLANCE


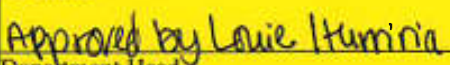


Department Name: MEDepartment Head: Louie Iturriria Contract Owner: Lela CriswellVendor Name: Blackhawk Network, Inc.Contact name & e-mail: Tina Tellado, tina.tellado@bhn.com

What services will this vendor provide to KHS? Vendor will provide with prepaid reward card orders, including servicing cardholders, and provide associated services.

Description of Contract	
Type of Agreement: Professional Services	<p>Background: <u>Blackhawk Network (BHN) is a rewards benefit fulfillment vendor used by KHS to fulfill retail gift card rewards for members who qualify. KHS has been doing business with BHN to fulfill member gift card rewards since 2022. KHS determined that its members would benefit from a better fulfillment experience with a Visa reloadable rewards fulfillment and contracted with InComm whose platform provides this service. KHS is in progress of cutting over to the new platform but must await regulatory approval of the contract with InComm and its call center vendor, Convey, before proceeding. Therefore, KHS must extend the current contract with BHN to allow member rewards fulfillment to continue until the new fulfillment vendor is approved by state regulators and we can successfully cutover to the InComm platform.</u></p> <p>Brief Explanation: <u>The vendor will fulfill prepaid reward card orders, including servicing cardholders and delivering all related services, until the new awarded vendor, InComm, is fully operational for the Gift Cards program. During this transition period, the vendor will ensure uninterrupted support and service to maintain smooth operations.</u></p>
<input checked="" type="checkbox"/> Contract	
<input type="checkbox"/> Purchase	
<input type="checkbox"/> New agreement	
<input type="checkbox"/> Continuation of Agreement	
<input type="checkbox"/> Addendum	
<input checked="" type="checkbox"/> Amendment No. 3	
<input type="checkbox"/> Retroactive Agreement	<p><input type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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.)</p> <p>Brief vendor selection justification:</p> <p><input checked="" type="checkbox"/> Sole source – no competitive process can be performed.</p> <p>Brief reason for sole source: <u>KHS has an ongoing agreement for gift cards until InComm fully takes over these services.</u></p> <p><input type="checkbox"/> Conflict of Interest Form is required for this Contract</p> <p><input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract</p>

Form updated 6/12/23

Attachment A

<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
<b>Fiscal Impact</b>	
KHS Governing Board previously approved this expense in KHS' FY 2025 Administrative Budget	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Will this require additional funds?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
Capital project	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
Project type: _____	
Budgeted Cost Center 410	GL# 5645
Maximum cost of this agreement not to exceed: \$287,400	
Notes: Not to exceed amount is for administration fees (card and shipping cost).	
<b>Contract Terms and Conditions</b>	
Effective date: 7/1/2025	Termination date: 6/30/2026
Explain extension provisions, termination conditions and required notice: _____	
<b>Approvals</b>	
<b>Compliance DMHC/DHCS Review:</b>	<b>Legal Review:</b>
_____	
Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs	Legal Counsel
_____	4/1/25
Date	Date
<b>Contract Owner:</b>	<b>Purchasing:</b>
	
Department Head	Director of Procurement and Facilities
per Contract meeting 3/27/25	4/1/2025
Date	Date
<b>Reviewed as to Budget:</b>	<b>Recommended by the Executive Committee:</b>
	_____
Chief Financial Officer or Controller	Chief Operating Officer
4/3/25	_____
Date	Date
<b>IT Approval:</b>	<b>Chief Executive Officer Approval:</b>
_____	_____
Chief Information Officer or IT Director	Chief Executive Officer
_____	_____
Date	Date

Form updated 6/12/23

Attachment A

**Board of Directors approval is required on all contracts over \$100,000 if/ not budgeted and \$200,000 if budgeted.**

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date







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**MEMORANDUM**

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Louie Iturriria, Senior Director of Marketing and Member Engagement  
**SUBJECT:** Relay Network Texting Solution Contract Extension  
**DATE:** April 11, 2025

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**Background**

In 2020, Kern Health Systems (KHS) received approval from the Department of Health Care Services (DHCS) to utilize Relay Network's platform for texting Kern Family Health Care (KFHC) members as part of outreach programs. This initiative was designed to integrate text messaging into our campaign management programs, enhancing member communication. To ensure ongoing compliance with DHCS regulatory requirements, KHS established an annual contract to regularly assess our needs. On February 20, 2025, the Board approved the selection of mPulse as the new vendor for the Member and Provider Portal which includes a texting solution.

**Discussion**

Our current agreement with Relay Network is set to expire on May 31, 2025. The implementation with the new Member and Provider Portal, mPulse, is actively underway and additional time is needed to ensure technical integration, staff training, and regulatory alignment. To maintain uninterrupted service, we intend to extend our contract with Relay Network for an additional seven months, with a new contract end date of December 31, 2025. This extension will allow us to continue utilizing Relay Network's platform, as we implement the texting solution within our new Member and Provider Portal.

**Financial Impact**

The cost for a seven (7) month extension with Relay Network from June 1, 2025 to December 31, 2025 includes an additional amount of \$100,000 in budgeted expenses for the texting solution. This will increase the total aggregate not-to-exceed amount from \$399,998 to \$499,998.

**Requested Action**

Approve; Refer to KHS Board of Directors in authorizing the CEO to amend the contract with Relay Network to extend the term for an additional seven (7) months and increasing the not-to-exceed amount by \$100,000 for a new not-to-exceed amount of \$499,998.



# KERN HEALTH SYSTEMS

## AGREEMENT AT A GLANCE

Department Name: Marketing

Department Head: Louie Iturriria

Vendor Name: Relay Network

Contact name & e-mail: Nate Asbeil, nasbeil@relaynetwork.com





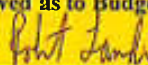
What services will this vendor provide to KHS? Relay Network will provide KHS with unlimited texting messaging services for all Active Wires for KHS members for seven (7) months.

Description of Contract	
Type of Agreement: Software	<p>Background: In 2020, Kern Health Systems (KHS) received approval from the Department of Health Care Services (DHCS) to utilize Relay Network's platform for texting Kern Family Health Care (KFHC) members as part of outreach programs. This initiative was designed to integrate text messaging into our campaign management programs, enhancing member communication. To ensure ongoing compliance with DHCS regulatory requirements, KHS established an annual contract to regularly assess our needs. On February 20, 2025, the Board approved the selection of mPulse as the new vendor for the Member and Provider Portal which includes a texting solution.</p> <p>Brief Explanation: Current agreement with Relay Network will expire on May 31, 2025. The implementation with the new Member and Provider Portal, mPulse, is actively underway and additional time is needed to ensure technical integration, staff training, and regulatory alignment. To maintain uninterrupted service, we intend to extend our contract with Relay Network for an additional seven months.</p>
<input checked="" type="checkbox"/> Contract	
<input type="checkbox"/> Purchase	
<input type="checkbox"/> New agreement	
<input type="checkbox"/> Continuation of Agreement	
<input type="checkbox"/> Addendum	
<input checked="" type="checkbox"/> Amendment No. 2	
<input type="checkbox"/> Retroactive Agreement	
<p><input type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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.)</p>	
<p>Brief vendor selection justification: <u>Currently have an ongoing contract with the vendor.</u></p>	
<p><input checked="" type="checkbox"/> Sole source – no competitive process can be performed.</p>	
<p>Brief reason for sole source: <u>Currently have ongoing contract with the vendor.</u></p>	

Form updated 01/02/25



Attachment A

<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input checked="" type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	
<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
<b>Fiscal Impact</b>	
KHS Governing Board previously approved this expense in KHS' FY 2025 Administrative Budget	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Will this require additional funds?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
Capital project	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
Project type: _____	
Budgeted Cost Center 225	GL# 5407
Maximum cost of this agreement not to exceed: <u>\$100,000</u>	
Notes: _____	
<b>Contract Terms and Conditions</b>	
Effective date: <u>6/1/2024</u>	Termination date: <u>12/31/2025</u>
Explain extension provisions, termination conditions and required notice: _____	
<b>Approvals</b>	
<b>Compliance DMHC/DHCS Review:</b>	<b>Legal Review:</b>
	
Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs	Legal Counsel
_____	<u>4/3/25</u>
Date	Date
<b>Contract Owner:</b>	<b>Purchasing:</b>
	
Department Head	Director of Procurement and Facilities
<u>4/2/25</u>	<u>4/2/2025</u>
Date	Date
<b>Reviewed as to Budget:</b>	<b>Recommended by the Executive Committee:</b>
	_____
Chief Financial Officer or Controller	Chief Operating Officer
<u>4/3/25</u>	_____
Date	Date

Form updated 01/02/25

Attachment A

**IT Approval:**

  
\_\_\_\_\_  
Chief Information Officer or IT Director

4/2/20  
\_\_\_\_\_  
Date

**Chief Executive Officer Approval:**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

**Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.**

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date



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**MEMORANDUM**

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**TO:** Kern Health Systems Finance Committee

**FROM:** Cesar Delgado, Deputy Chief Information Officer

**SUBJECT:** Renewal for Software and Hardware Support for the Rubrik Disaster and Recovery Solution with e360

**DATE:** April 11, 2025

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**Background**

In August 2018, Kern Health Systems (KHS) obtained approval from the Board of Directors (Board) to procure hardware and support for the Rubrik Backup and Recovery solution. KHS strategically harnesses the power of Rubrik's robust backup and recovery solution, alongside the Microsoft 365 (M365) premium support, to safeguard all critical production data efficiently. This integrated approach ensures maximum efficiency and resilience in KHS's data management infrastructure. KHS leverages Rubrik's Backup and recovery solution for all its critical production data. In March of 2025, KHS issued a formal Request for Quote for the renewal of the maintenance and support for the Rubrik Backup and Recovery Solution. Only one bid was received, and e360 was selected as the awarded vendor.

**Discussion**

e360 will provide KHS with maintenance and support for the Rubrik backup and recovery solution for eighteen (18) months. The Rubrik backup and recovery solution provides KHS with a scalable and resilient data protection strategy, ensuring the security and integrity of all critical production data. The integrated approach with M365 premium support enhances operational efficiency and safeguards key business systems. The proposed renewal ensures continued protection of KHS's critical data assets, maintaining compliance and operational continuity. This renewal will allow KHS to sustain a robust backup and recovery infrastructure, supporting the organization's long-term data management strategy.

**Financial Impact**

Cost for an eighteen (18) month renewal not to exceed \$285,565 in budgeted expenses.

**Requested Action**

Approve; Refer to KHS Board of Directors in authorizing the CEO to sign, enter into, and/or amend a new contract with e360 for a not-to-exceed amount of \$285,565.



## KERN HEALTH SYSTEMS

### AGREEMENT AT A GLANCE

Department Name: ITDepartment Head: Cesar DelgadoVendor Name: E360Contact name & e-mail: AnneMarie.Junior@e360.com

What services will this vendor provide to KHS? E360 will be providing KHS with support and maintenance for our R6000s appliance

Description of Contract	
Type of Agreement: Software	Background KHS leverages Rubrik backup and data recovery solution for all of its critical data. E360 will provide KHS with premium hardware support for our R6000S appliances, ensuring both hardware support and maintenance for the production environment.
<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Purchase <input checked="" type="checkbox"/> New agreement <input type="checkbox"/> Continuation of Agreement <input type="checkbox"/> Addendum <input type="checkbox"/> Amendment No. _____ <input type="checkbox"/> Retroactive Agreement	
<input checked="" type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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 Explanation: <u>E360 will be providing KHS with support and maintenance for our R6000s appliance</u>	
Brief vendor selection justification: <u>KHS Published an RFQ for the services. E360 was the only vendor that participated in this process</u>	
<input type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source:	
<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	
<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
Fiscal Impact	

Form updated 01/02/24



Attachment A

KHS Governing Board previously approved this expense in KHS' FY 2025 Administrative Budget		<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES
Will this require additional funds?		<input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES
Capital project		<input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES
Project type:			
Budgeted Cost Center: 225		GL# 5304	
Maximum cost of this agreement not to exceed: \$285,565			
Notes:			
<b>Contract Terms and Conditions</b>			
Effective date: 4/29/2025		Termination date: 10/31/2026	
Explain extension provisions, termination conditions and required notice: Full amount due at time of executions.			
<b>Approvals</b>			
<b>Compliance DMHC/DHCS Review:</b>		<b>Legal Review:</b>	
Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs		Legal Counsel	
Date		4/3/25	
Date		Date	
<b>Contract Owner:</b>		<b>Purchasing:</b>	
Department Head		Director of Procurement and Facilities	
4-2-2025		Date	
Date		Date	
<b>Reviewed as to Budget:</b>		<b>Recommended by the Executive Committee:</b>	
Chief Financial Officer or Controller		Chief Operating Officer	
4/3/25		Date	
Date		Date	
<b>IT Approval:</b>		<b>Chief Executive Officer Approval:</b>	
Chief Information Officer or IT Director		Chief Executive Officer	
4/2/25		Date	
Date		Date	

Form updated 01/02/24

Attachment A

<p><b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b></p> <p>_____</p> <p>KHS Board Chairman</p> <p>_____</p> <p>Date</p>
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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Cesar Delgado, Deputy Chief Information Officer  
**SUBJECT:** Request for Approval to increase the Not-to-Exceed amount with Cognizant  
**DATE:** April 11, 2025

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### **Background**

In August 2024, Kern Health Systems (KHS) obtained approval from the Board of Directors (Board) to renew the core software solution with Cognizant TriZetto Software Group, Inc., formally known as TriZetto Corporation, which also provides QNXT, a product under the TriZetto brand, for processing eligibility, provider contracts, authorizations, claims, and payments. QNXT remains a Cognizant-owned solution, supported through its TriZetto healthcare technology portfolio, ensuring continuity and stability for our core operations.

### **Discussion**

Cognizant TriZetto Software Group, Inc. will provide KHS with multiple services. These services include:

- 1) \$0 Change request to extend an upgrade project
- 2) 24x7 emergency support for a planned upgrade to the core system
- 3) Training through TriZetto University to enhance our team's expertise
- 4) IT assessment project to evaluate system performance and security
- 5) Code integration for data purging to streamline system maintenance and compliance
- 6) Zelis integration to improve payment processes.

To ensure continuity, it is necessary to seek Board approval to amend the current renewal contract to include the above additional requests as well as Board approval for increasing the not to exceed amount (NTE) from \$6,445,522 to \$6,607,387.

The financial impact associated with each additional request to amend the Agreement are as follows:

Agreement Name	Cost	Term	Total Cost
Change Request	\$ -	4 Weeks	\$ -
24x7 Upgrade Emergency Support	\$ 5,450	3 Days	\$ 5,450
TriZetto University	\$ 10,000	1 Year	\$ 10,000
Technology Assessment	\$ 23,105	8 Weeks	\$ 23,105
Data Purge	\$ 58,810	4 Months	\$ 58,810
Zelis Integration	\$ 21,500	3 Years	\$ 64,500
Total Request			<b>\$ 161,865</b>

Previous Board Approval \$ 6,445,522

*New NTE* **\$ 6,607,387**

**Details Regarding Additional Requests to Amend the Agreement as Follows:**

- (1) \$0 Change Request: 1 month date extension on upgrade to system.
- (2) 24x7 Upgrade Emergency Support: Support for three (3) days to ensure the upgrade does not fail and to troubleshoot on demand if needed.
- (3) TriZetto University: Online training hub for (5) user licenses.
- (4) Technology Assessment: Cognizant will conduct a technical assessment to address system performance challenges in online and batching processes, reviewing KHS' setup and recommending improvements in preparation for a proposed data purge.
- (5) Data Purge: QNXT Archival Framework Custom Solution is a code that will delete, and archive claims and call tracking data based on Client defined retention criteria.
- (6) Zelis Integration: The Zelis Payment integration into QNXT allows claims to be verified in real-time against Zelis' payment integrity rules and algorithms. This integration helps identify and prevent inaccurate claims payments, supporting cost containment and compliance with regulatory requirements.

**Fiscal Impact**

Based on the additional contracts described above, the original Cognizant contract value will increase by \$161,865 for a new not to exceed amount of \$6,607,387.

**Requested Action**

Approve; Refer to KHS Board of Directors in authorizing the CEO to amend the Cognizant contract and increasing the not-to-exceed amount by \$161,865 from \$6,445,522 to \$6,607,387 for the remaining term of the contract, which is through September 10, 2029.





## KERN HEALTH SYSTEMS

### AGREEMENT AT A GLANCE

Department Name: IT

Department Head: Cesar Delgado

Vendor Name: Cognizant TriZetto Software Group, Inc Contact name & e-mail: christopher.donahue@cognizant.com

What services will this vendor provide to KHS? Cognizant will be providing KHS with the a \$0 Project Change Request, 24x7 Weekend Upgrade, five user license for TriZetto University for training and a Technology Assessment.

Description of Contract	
Type of Agreement: Software  <input checked="" type="checkbox"/> Contract <input type="checkbox"/> Purchase <input checked="" type="checkbox"/> New agreement <input type="checkbox"/> Continuation of Agreement <input type="checkbox"/> Addendum <input type="checkbox"/> Amendment No. ____ <input type="checkbox"/> Retroactive Agreement	Background: <u>\$0 Change Request: 1 month date extension on upgrade to system</u>  <u>24x7 Upgrade Emergency Support: Support for three days to ensure the upgrade does not fail and to troubleshoot on demand if needed</u>  <u>TriZetto University: Online training hub for (5) user licenses.</u>  <u>Technology Assessment: Cognizant will conduct a technical assessment to address system performance challenges in online and batching processes, reviewing KHS' setup and recommending improvements in preparation for a proposed data purge.</u>  <u>Brief Explanation: Cognizant will be providing KHS with the a \$0 PRC, 24x7 Weekend Upgrade, 5 TriZetto University for training and a Technology Assessment</u>
<input type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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: _____	
<input checked="" type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source: <u>Ongoing contract with vendor for QNXT Claims Adjudication Systems</u>	

Attachment A

<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	
<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
<b>Fiscal Impact</b>	
KHS Governing Board previously approved this expense in KHS' FY 2025 Administrative Budget	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Will this require additional funds?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Capital project	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
Project type:	
Budgeted Cost Center: 225	GL# 5400 QNXT
Maximum cost of this agreement not to exceed: \$38,555	
Notes:	
<b>Contract Terms and Conditions</b>	
Effective date: 4/18/2025	Termination date: 4/17/2026
Explain extension provisions, termination conditions and required notice: _____	
<b>Approvals</b>	
<b>Compliance DMHC/DHCS Review:</b>	<b>Legal Review:</b>
Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs	Legal Counsel
	4/3/25
Date	Date
<b>Contract Owner:</b>	<b>Purchasing:</b>
4/2/2025	4/2/2025
Department Head	Director of Procurement and Facilities
Date	Date
<b>Reviewed as to Budget:</b>	<b>Recommended by the Executive Committee:</b>
Chief Financial Officer or Controller	Chief Operating Officer
4/3/25	
Date	Date

Attachment A

IT Approval:

Chief Executive Officer Approval:

  
\_\_\_\_\_  
Chief Information Officer or IT Director

\_\_\_\_\_  
Chief Executive Officer

4/2/25  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.**

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date



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# KERN HEALTH SYSTEMS





## AGREEMENT AT A GLANCE

Department Name: ITDepartment Head: Cesar DelgadoVendor Name: Cognizant TriZetto Software Group, Inc. Contact name & e-mail: christopher.donahue@cognizant.comWhat services will this vendor provide to Cognizant will provide KHS with the QNXT Archival Framework Custom Solution, a specialized code designed to delete and archive claims, for system maintenance and ensuring compliance.

Description of Contract	
Type of Agreement: Software	Background: <u>The QNXT Archival Framework Custom Solution is a tailored software code developed to streamline the management of claims and call tracking data. It enables the deletion and archiving of records according to specific retention criteria defined by the client, ensuring efficient data handling and regulatory compliance.</u>
<input checked="" type="checkbox"/> Contract <input type="checkbox"/> Purchase <input checked="" type="checkbox"/> New agreement <input type="checkbox"/> Continuation of Agreement <input type="checkbox"/> Addendum <input type="checkbox"/> Amendment No. _____ <input type="checkbox"/> Retroactive Agreement	
<input type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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: _____	
<input checked="" type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source: <u>Ongoing contract with vendor for QNXT Claims Adjudication Systems</u>	
<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	
<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
Fiscal Impact	
KHS Governing Board previously approved this expense in KHS' FY 2025 Administrative Budget <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES	

Form updated 01/02/24

Attachment A

Will this require additional funds?	<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES
Capital project	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES
Project type:		
Budgeted Cost Center: <u>225</u>	GL# <u>5400 QNXT</u>	
Maximum cost of this agreement not to exceed: <u>\$58,810</u>		
Notes:		
<b>Contract Terms and Conditions</b>		
Effective date: <u>4/18/2025</u>	Termination date: <u>8/20/2025</u>	
Explain extension provisions, termination conditions and required notice: _____		
<b>Approvals</b>		
<b>Compliance DMHC/DHCS Review:</b>	<b>Legal Review:</b>	
_____		
Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs	Legal Counsel	
_____	<u>4/3/25</u>	
Date	Date	
<b>Contract Owner:</b>	<b>Purchasing:</b>	
	_____	
Department Head	Director of Procurement and Facilities	
<u>4-2-2025</u>	_____	
Date	Date	
<b>Reviewed as to Budget:</b>	<b>Recommended by the Executive Committee:</b>	
	_____	
Chief Financial Officer or Controller	Chief Operating Officer	
<u>4/3/25</u>	_____	
Date	Date	
<b>IT Approval:</b>	<b>Chief Executive Officer Approval:</b>	
	_____	
Chief Information Officer or IT Director	Chief Executive Officer	
<u>4/2/25</u>	_____	
Date	Date	

Attachment A

**Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.**

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date

6



## KERN HEALTH SYSTEMS

### AGREEMENT AT A GLANCE

Department Name: ITDepartment Head: Cesar DelgadoVendor Name: Cognizant TriZetto Software Group, Inc Contact name & e-mail: christopher.donahue@cognizant.comWhat services will this vendor provide to KHS? Cognizant will provide KHS with Zelis Payment integrity Interface management Services for three-years term.

Description of Contract	
Type of Agreement: Software	Background: <u>In 2019, Cognizant provided KHS with the integration module to interface the QNXT Claims Adjudication System with the Zelis software. Zelis is providing KHS with a secondary claims editing software that will evaluate claims post-adjudication and pre-payment to ensure claims are processed appropriately. This will reduce the number of claims overpaid that lead to disputes. This is the annual renewal for the services.</u>  Brief Explanation: <u>Cognizant will provide KHS with Zelis Payment Integrity Interface Management Services for a three-year term</u>
<input checked="" type="checkbox"/> Contract	
<input type="checkbox"/> Purchase	
<input type="checkbox"/> New agreement	
<input checked="" type="checkbox"/> Continuation of Agreement	
<input type="checkbox"/> Addendum	
<input type="checkbox"/> Amendment No. _____	
<input type="checkbox"/> Retroactive Agreement	
<input type="checkbox"/> 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00) 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 One Hundred Thousand Dollars or more if not budgeted (\$100,000.00) and Two Hundred Thousand Dollars or more if budgeted (\$200,000.00). Request for Proposal (RFP) shall be used to solicit bids for professional services over Two Hundred Thousand Dollars (\$200,000). 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:	
<input checked="" type="checkbox"/> Sole source – no competitive process can be performed.	
Brief reason for sole source: <u>Ongoing contract with vendor for QNXT Claims Adjudication Systems</u>	
<input type="checkbox"/> Conflict of Interest Form is required for this Contract	
<input type="checkbox"/> HIPAA Business Associate Agreement is required for this Contract	
<input type="checkbox"/> Subcontractor Disclosure of Ownership and Control form is required for this Contract	
Fiscal Impact	

Form updated 01/02/24



Attachment A

KHS Governing Board previously approved this expense in KHS' FY 2024 Administrative Budget		<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES
Will this require additional funds?		<input type="checkbox"/> NO	<input checked="" type="checkbox"/> YES
Capital project		<input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES
Project type:			
Budgeted Cost Center: 225		GL# \$400 QNXT	
Maximum cost of this agreement not to exceed: \$64,500			
Notes:			
<b>Contract Terms and Conditions</b>			
Effective date: 4/18/2025		Termination date: 4/17/2028	
Explain extension provisions, termination conditions and required notice:			
<b>Approvals</b>			
<b>Compliance DMHC/DHCS Review:</b>		<b>Legal Review:</b>	
_____ Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs		_____ Legal Counsel	
_____ Date		_____ 4/3/25 Date	
<b>Contract Owner:</b>		<b>Purchasing:</b>	
_____ Department Head		_____ Director of Procurement and Facilities	
_____ 4-2-2025 Date		_____ Date	
<b>Reviewed as to Budget:</b>		<b>Recommended by the Executive Committee:</b>	
_____ Chief Financial Officer or Controller		_____ Chief Operating Officer	
_____ 4/3/25 Date		_____ Date	
<b>IT Approval:</b>		<b>Chief Executive Officer Approval:</b>	
_____ Chief Information Officer or IT Director		_____ Chief Executive Officer	
_____ 4/2/25 Date		_____ Date	



Attachment A

**Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.**

\_\_\_\_\_  
KHS Board Chairman

\_\_\_\_\_  
Date





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**MEMORANDUM**

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** December 2024 Financial Results  
**DATE:** April 11, 2025

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The December results reflect a \$3.7 million increase in Net Position which is a \$3.3 million favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$31.3 million favorable variance primarily due to:
  - A) \$7.8 million favorable variance primarily due to higher-than-expected budgeted membership.
  - B) \$15.5 million favorable variance due to receiving Amended CY 2024 Rates from DHCS on December 30, 2024.
  - C) \$5.1 million favorable variance in MCO Tax Premium primarily due to receiving revised MCO Tax information from DHCS on September 24, 2024 offset against an unfavorable variance included in the MCO Tax Expense line item on the Income Statement for the same amount.
  - D) \$2.7 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rate information from DHCS for Calendar Year 2024 offset against amounts included in 2F below.
- 2) Total Medical Costs reflect a \$20.3 million unfavorable variance primarily due to:
  - A) \$8.4 million unfavorable variance in Physician Services is primarily due to higher-than-expected utilization (\$3.5 million) and higher-than-expected Targeted Rate Increases ("TRI") amounts allocated to PCP, Specialty and Urgent Care services (\$4.9 million). As previously reported, we began paying TRI amounts in May and believed it was necessary to increase our accruals for these categories of expenses. This amount is offset against amounts included Other Professional Services included in 2B (2) below.
  - B) \$4.5 million favorable variance in Other Professional Services primarily due from:
    - 1) \$1.0 million favorable variance from lower-than-expected utilization of Autism services over the last several months.
    - 2) \$3.2 million favorable variance in Other Professional Services primarily due to lowering our accruals for TRI expenses offset against amounts included in 2A above.

- C) \$10.7 million unfavorable variance in Inpatient primarily due to higher-than-expected utilization over the last several months.
- D) \$2.6 million unfavorable variance in Outpatient Hospital primarily due to higher-than-expected utilization over the last several months.
- E) \$5.4 million unfavorable variance in Other Medical primarily from:
  - 1) \$3.3 million unfavorable variance in Ambulance and Non-emergency Medical Transportation (“NEMT”) due to higher-than-expected utilization of NEMT services over the last several months by our members.
  - 2) \$1.4 million favorable variance in Utilization and Quality Review Expenses primarily due to a true-up in interpretation service expenses based on total invoice amounts which included portions of expenses being reimbursed by CSV.
  - 3) \$2.7 million unfavorable variance in CalAim Incentive Programs primarily due to Community Support Service program expenses.
- F) \$2.7 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information from DHCS for Calendar Year 2024 offset against amounts included in 1D above.
- G) \$5.1 million favorable variance in IBNR, Incentive, Paid Claims Adjustment primarily due to DHCS finalizing the CY 2023 ECM Risk Corridor calculation and reimbursing KHS for additional expenses paid by KHS above the ECM Risk Corridor amount.
- 3) Total Administrative Expenses reflect a \$2.6 million unfavorable variance primarily due to:
  - A) \$1.2 million unfavorable variance in Purchased Services primarily due to an increase in annual system maintenance costs related to the member and provider portal (\$.4 million) and additional expenses related to outside IT professional services (\$.5 million).
  - B) \$1.3 million unfavorable variance in Administrative Expense Adjustment primarily relating to the CalPERS Net Pension True-Up Adjustment for the period July 1, 2023 to June 30, 2024 required under GASB 68.

The December Medical Loss Ratio is 89.7% which is favorable to the 92.4% budgeted amount. The December Administrative Expense Ratio is 6.8% which is unfavorable to the 6.0% budgeted amount for the reasons described in Item 3 above.

The results for the 12 months ended December 31, 2024 reflect a Net Decrease in Net Position of \$46.6 million. This is a \$52.6 million unfavorable variance to the budget and includes approximately \$20.3 million of favorable adjustments from the prior year and approximately \$30 million of unfavorable retroactive revenue rate adjustments for the current year. The year-to-date Medical Loss Ratio is 96.5% which is unfavorable to the 92.4% budgeted amount.



**Financial Packet  
December 2024**

**KHS – Medi-Cal Line of Business**

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**KHS Group Health Plan – Healthy Families Line of Business**

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



ASSETS	December	November	Increase/ (Decrease)
Cash and Cash Equivalents	373,410,870	290,603,485	82,807,385
Short-Term Investments	247,563,428	248,319,881	(756,453)
Premiums Receivable	94,538,232	85,151,264	9,386,968
Premiums Receivable - MCO Tax	220,308,074	205,657,276	14,650,798
Premiums Receivable - Hospital Directed Payments	555,715,451	530,980,235	24,735,216
Interest Receivable	176,203	118,708	57,495
Provider Advance Payment	164,826	866,432	(701,605)
Other Receivables	2,268,069	3,799,514	(1,531,445)
Prepaid Expenses & Other Current Assets	8,059,338	7,285,329	774,009
<b>Total Current Assets</b>	<b>1,502,204,491</b>	<b>1,372,782,122</b>	<b>129,422,369</b>
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,198,965	1,206,604	(7,638)
Computer Equipment - Net	19,936,024	15,765,298	4,170,725
Building and Improvements - Net	33,068,590	32,352,593	715,997
Capital Projects In Process	961,113	5,399,966	(4,438,853)
<b>Total Capital Assets</b>	<b>59,255,398</b>	<b>58,815,167</b>	<b>440,230</b>
Restricted Assets	300,000	300,000	-
Officer Life Insurance Receivables	1,697,061	1,637,454	59,607
SBITA Asset	8,875,096	6,799,897	2,075,199
<b>Total Long-Term Assets</b>	<b>10,872,157</b>	<b>8,737,351</b>	<b>2,134,806</b>
Deferred Outflow of Resources	6,846,742	8,814,061	(1,967,319)
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,579,178,788</b>	<b>1,449,148,702</b>	<b>130,030,086</b>
<b>CURRENT LIABILITIES</b>			
Accrued Salaries and Benefits	7,409,952	8,180,684	(770,732)
Accrued Other Operating Expenses	7,098,000	6,899,742	198,259
MCO Tax Payable	369,406,327	309,603,050	59,803,278
Claims Payable (Reported)	28,423,171	5,466,650	22,956,521
IBNR - Inpatient Claims	88,377,546	80,246,804	8,130,742
IBNR - Physician Claims	22,243,104	17,386,564	4,856,540
IBNR - Accrued Other Medical	36,014,471	40,521,333	(4,506,863)
Risk Pool and Withholds Payable	7,021,376	6,414,716	606,660
Allowance for Claims Processing Expense	4,779,517	3,824,312	955,205
Other Liabilities	97,589,870	88,366,922	9,222,948
SBITA Liability – Current portion	2,217,189	2,617,467	(400,278)
Accrued Hospital Directed Payments	557,216,591	532,481,319	24,735,273
<b>Total Current Liabilities</b>	<b>1,227,797,115</b>	<b>1,102,009,563</b>	<b>125,787,552</b>
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	12,251,788	12,965,462	(713,674)
SBITA Liability, net of current portion	5,491,541	4,182,430	1,309,111
<b>Total NonCurrent Liabilities</b>	<b>17,743,329</b>	<b>17,147,892</b>	<b>595,437</b>
Deferred Inflow of Resources	70,705	158,303	(87,598)
<b>NET POSITION:</b>			
Net Position at Beginning of Year	380,188,379	380,188,379	-
Increase (Decrease) in Net Position - Current Year	(46,620,740)	(50,355,434)	3,734,694
<b>Total Net Position</b>	<b>333,567,639</b>	<b>329,832,944</b>	<b>3,734,694</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>1,579,178,788</b>	<b>1,449,148,702</b>	<b>130,030,086</b>



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

	December	Budget	Variance	Year to Date	Budget	Variance
Family Members	241,863	245,644	(3,781)	2,927,497	2,953,727	(26,230)
Expansion Members	114,572	111,811	2,761	1,379,210	1,359,731	19,479
SPD Members	23,376	19,927	3,449	274,891	242,123	32,768
LTC Members	523	555	(32)	6,175	6,657	(482)
Other Members	24,106	24,164	(58)	278,468	289,962	(11,494)
Total Members - MCAL	404,440	402,100	2,340	4,866,241	4,852,200	14,041
<b>REVENUES</b>						
Medicaid - Family and Other	63,457,995	53,049,076	10,408,920	670,418,785	637,768,621	32,650,164
Medicaid - Expansion Members	54,963,125	44,880,044	10,083,081	545,984,526	545,785,591	198,934
Medicaid - SPD Members	24,524,681	20,956,459	3,568,222	279,586,636	254,632,507	24,954,129
Medicaid - LTC Members	4,180,989	4,470,309	(289,320)	49,603,603	53,643,704	(4,040,101)
Premium - MCO Tax	50,161,540	45,027,158	5,134,382	709,635,614	543,349,356	166,286,258
Premium - Hospital Directed Payments	24,742,689	22,010,929	2,731,760	295,492,005	266,382,897	29,109,107
Investment Earnings And Other Income	2,179,759	2,079,480	100,279	31,141,833	25,000,000	6,141,833
Reinsurance Recoveries	-	112,588	(112,588)	-	1,358,616	(1,358,616)
Rate Adjustments - Hospital Directed Payments	(7,417)	-	(7,417)	(6,733,769)	-	(6,733,769)
Rate/Income Adjustments	(312,962)	-	(312,962)	653,366	-	653,366
Total Revenues	223,890,400	192,586,042	31,304,358	2,575,782,598	2,327,921,293	247,861,305
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	37,607,514	29,168,936	(8,438,578)	414,119,273	352,496,045	(61,623,228)
Other Professional Services	10,811,656	15,303,061	4,491,405	111,598,083	184,920,099	73,322,016
Emergency Room	6,048,961	6,508,395	459,434	77,890,977	78,632,250	741,273
Inpatient	38,706,469	27,959,779	(10,746,690)	396,082,677	338,580,290	(57,502,387)
Reinsurance Expense	112,548	112,588	40	1,346,512	1,358,616	12,104
Outpatient Hospital	15,505,363	12,905,465	(2,599,898)	176,969,664	156,273,105	(20,696,559)
Other Medical	28,832,240	23,417,481	(5,414,759)	357,834,737	282,720,597	(75,114,140)
Pay for Performance Quality Incentive	606,660	603,150	(3,510)	7,302,318	7,278,300	(24,018)
Risk Corridor Expense	430,817	-	(430,817)	1,172,922	-	(1,172,922)
Hospital Directed Payments	24,742,689	22,010,929	(2,731,760)	295,492,005	266,382,897	(29,109,107)
Hospital Directed Payment Adjustment	(7,417)	-	7,417	(3,851,969)	-	3,851,969
Non-Claims Expense Adjustment	1,931	-	(1,931)	(5,449,472)	-	5,449,472
IBNR, Incentive, Paid Claims Adjustment	(5,075,723)	-	5,075,723	(17,046,128)	-	17,046,128
Total Medical Costs	158,323,708	137,989,785	(20,333,924)	1,813,461,599	1,668,642,200	(144,819,400)
GROSS MARGIN	65,566,692	54,596,257	10,970,434	762,320,998	659,279,093	103,041,905
<b>ADMINISTRATIVE COSTS</b>						
Compensation	4,393,765	4,142,126	(251,639)	44,813,525	49,955,506	5,141,981
Purchased Services	2,949,925	1,739,891	(1,210,034)	23,748,172	20,878,690	(2,869,482)
Supplies	309,304	372,344	63,040	2,887,797	4,468,133	1,580,335
Depreciation	661,433	710,921	49,488	8,560,631	8,531,055	(29,576)
Other Administrative Expenses	533,629	554,843	21,214	6,797,014	6,658,117	(138,897)
Administrative Expense Adjustment	1,233,038	(43,839)	(1,276,877)	1,347,830	(526,074)	(1,873,903)
Total Administrative Expenses	10,081,094	7,476,286	(2,604,808)	88,154,968	89,965,427	1,810,459
TOTAL EXPENSES	168,404,802	145,466,071	(22,938,732)	1,901,616,568	1,758,607,627	(143,008,941)
OPERATING INCOME (LOSS) BEFORE TAX	55,485,598	47,119,972	8,365,626	674,166,030	569,313,666	104,852,364
MCO TAX	50,161,540	45,027,158	(5,134,382)	709,635,614	543,349,356	(166,286,258)
OPERATING INCOME (LOSS) NET OF TAX	5,324,058	2,092,814	3,231,244	(35,469,584)	25,964,310	(61,433,894)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(1,430,186)	(826,876)	(603,310)	(9,962,561)	(10,000,000)	37,439
D-SNP Expenses	(159,177)	(826,876)	667,699	(1,188,595)	(10,000,000)	8,811,405
Total Non-Operating Revenue (Expense)	(1,589,363)	(1,653,752)	64,389	(11,151,156)	(20,000,000)	8,848,844
NET INCREASE (DECREASE) IN NET POSITION	3,734,694	439,062	3,295,633	(46,620,740)	5,964,310	(52,585,050)
MEDICAL LOSS RATIO	89.7%	92.4%	2.7%	96.5%	92.4%	-4.1%
ADMINISTRATIVE EXPENSE RATIO	6.8%	6.0%	-0.8%	5.6%	5.9%	0.3%



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

	December	Budget	Variance	Year to Date	Budget	Variance
Family Members	241,863	245,644	(3,781)	2,927,497	2,953,727	(26,230)
Expansion Members	114,572	111,811	2,761	1,379,210	1,359,731	19,479
SPD Members	23,376	19,927	3,449	274,891	242,123	32,768
LTC Members	523	555	(32)	6,175	6,657	(482)
Other Members	24,106	24,164	(58)	278,468	289,962	(11,494)
Total Members - MCAL	404,440	402,100	2,340	4,866,241	4,852,200	14,041
<b>REVENUES</b>						
Medicaid - Family and Other	238.59	196.62	41.97	209.12	196.62	12.50
Medicaid - Expansion Members	479.73	401.39	78.33	395.87	401.39	(5.52)
Medicaid - SPD Members	1,049.14	1,051.67	(2.53)	1,017.08	1,051.67	(34.58)
Medicaid - LTC Members	7,994.24	8,058.24	(64.00)	8,032.97	8,058.24	(25.27)
Premium - MCO Tax	2,080.87	1,863.44	217.44	2,548.36	1,873.86	674.49
Premium - Hospital Directed Payments	61.18	54.74	6.44	60.72	54.90	5.82
Investment Earnings And Other Income	5.39	5.17	0.22	6.40	5.15	1.25
Reinsurance Recoveries	-	0.28	(0.28)	-	0.28	(0.28)
Rate Adjustments - Hospital Directed Payments	(0.02)	-	(0.02)	(1.38)	-	(1.38)
Rate/Income Adjustments	(0.77)	-	(0.77)	0.13	-	0.13
Total Revenues	553.58	478.95	74.63	529.32	479.77	49.55
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	92.99	72.54	(20.45)	85.10	72.65	(12.45)
Other Professional Services	26.73	38.06	11.33	22.93	38.11	15.18
Emergency Room	14.96	16.19	1.23	16.01	16.21	0.20
Inpatient	95.70	69.53	(26.17)	81.39	69.78	(11.62)
Reinsurance Expense	0.28	0.28	0.00	0.28	0.28	0.00
Outpatient Hospital	38.34	32.10	(6.24)	36.37	32.21	(4.16)
Other Medical	71.29	58.24	(13.05)	73.53	58.27	(15.27)
Pay for Performance Quality Incentive	1.50	1.50	(0.00)	1.50	1.50	(0.00)
Risk Corridor Expense	1.07	-	(1.07)	0.24	-	(0.24)
Hospital Directed Payments	61.18	54.74	(6.44)	60.72	54.90	(5.82)
Hospital Directed Payment Adjustment	(0.02)	-	0.02	(0.79)	-	0.79
Non-Claims Expense Adjustment	0.00	-	(0.00)	(1.12)	-	1.12
IBNR, Incentive, Paid Claims Adjustment	(12.55)	-	12.55	(3.50)	-	3.50
Total Medical Costs	391.46	343.17	(48.29)	372.66	343.89	(28.77)
GROSS MARGIN	162.12	135.78	26.34	156.66	135.87	20.78
<b>ADMINISTRATIVE COSTS</b>						
Compensation	10.86	10.30	(0.56)	9.21	10.30	1.09
Purchased Services	7.29	4.33	(2.97)	4.88	4.30	(0.58)
Supplies	0.76	0.93	0.16	0.59	0.92	0.33
Depreciation	1.64	1.77	0.13	1.76	1.76	(0.00)
Other Administrative Expenses	1.32	1.38	0.06	1.40	1.37	(0.02)
Administrative Expense Adjustment	3.05	(0.11)	(3.16)	0.28	(0.11)	(0.39)
Total Administrative Expenses	24.93	18.59	(6.33)	18.12	18.54	0.43
TOTAL EXPENSES	416.39	361.77	(54.62)	390.78	362.44	(28.34)
OPERATING INCOME (LOSS) BEFORE TAX	137.19	117.18	20.01	138.54	117.33	21.21
MCO TAX	124.03	111.98	(12.05)	145.83	111.98	(33.85)
OPERATING INCOME (LOSS) NET OF TAX	13.16	5.20	7.96	(7.29)	5.35	(12.64)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(0.39)	(2.06)	1.66	(0.24)	(2.06)	1.82
D-SNP Expenses	(3.54)	(2.06)	(1.48)	(2.05)	(2.06)	0.01
Total Non-Operating Revenue (Expense)	(3.93)	(4.11)	0.18	(2.29)	(4.12)	1.83
NET INCREASE (DECREASE) IN NET POSITION	9.23	1.09	8.14	(9.58)	1.23	(10.81)
MEDICAL LOSS RATIO	-20.8%	-20.0%	0.8%	-15.0%	-19.9%	-4.9%
ADMINISTRATIVE EXPENSE RATIO	-1.6%	-1.3%	0.3%	-0.9%	-1.3%	-0.4%

KHS 3/28/2025

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

	2023 - Q4	2024 - Q1	2024 - Q2	2024 - Q3	Rolling 4-Quarter Totals	CURRENT QUARTER 2024 - Q4
Total Members - MCAL	1,038,591	1,234,656	1,217,132	1,204,552	4,694,931	1,209,901
REVENUES						
Medicaid - Family and Other	119,336,194	163,114,742	168,098,248	157,352,051	607,901,235	181,853,744
Medicaid - Expansion Members	97,694,167	142,141,972	141,387,639	115,764,407	496,988,185	146,690,508
Medicaid - SPD Members	59,165,633	70,643,949	72,382,078	63,945,176	266,136,837	72,615,432
Medicaid - LTC Members	9,599,451	12,120,676	12,644,500	12,158,979	46,523,606	12,679,447
Premium - MCO Tax	375,849,146	118,164,689	118,164,689	304,000,610	916,179,134	169,305,625
Premium - Hospital Directed Payments	63,752,178	74,715,152	73,085,162	73,636,849	285,189,341	74,054,842
Investment Earnings And Other Income	9,031,183	6,526,452	7,627,603	10,624,397	33,809,635	6,363,381
Rate Adjustments - Hospital Directed Payments	(26,268,027)	2,628,208	(467,208)	(8,849,506)	(32,956,532)	(45,264)
Rate/Income Adjustments	495,587	3,361,928	(5,047,999)	2,310,217	1,119,733	29,220
Total Revenues	708,655,511	593,417,768	587,874,713	730,943,182	2,620,891,174	663,546,935
EXPENSES						
MEDICAL COSTS						
Physician Services	61,076,433	93,110,533	102,259,757	100,828,569	357,275,292	117,920,414
Other Professional Services	19,381,164	37,861,872	28,897,182	27,259,189	113,399,406	17,579,841
Emergency Room	15,523,588	19,266,762	19,274,640	19,085,229	73,150,218	20,264,346
Inpatient	79,244,732	91,080,658	97,071,689	98,069,526	365,466,605	109,860,804
Reinsurance Expense	190,133	324,349	347,257	337,661	1,199,400	337,245
Outpatient Hospital	40,939,501	44,304,385	41,034,136	46,542,079	172,820,101	45,089,064
Other Medical	79,194,627	80,881,278	88,283,888	93,132,007	341,491,800	95,537,563
Pay for Performance Quality Incentive	1,555,236	1,851,974	1,825,698	1,809,795	7,042,703	1,814,852
Risk Corridor Expense	-	-	-	2,133,095	2,133,095	(960,173)
Hospital Directed Payments	63,752,178	74,715,152	73,085,162	73,636,849	285,189,341	74,054,842
Hospital Directed Payment Adjustment	(26,330,241)	2,663,543	18,927	(6,489,175)	(30,136,947)	(45,264)
Non-Claims Expense Adjustment	1,571,341	356,533	(22,398)	(4,294,448)	(2,388,972)	(1,489,159)
IBNR, Incentive, Paid Claims Adjustment	1,506,238	622,759	(7,444,944)	(6,331,814)	(11,647,762)	(3,892,128)
Total Medical Costs	337,604,928	447,039,796	444,630,994	445,718,563	1,674,994,280	476,072,247
GROSS MARGIN	371,050,583	146,377,973	143,243,720	285,224,619	945,896,894	187,474,687
ADMINISTRATIVE COSTS						
Compensation	13,584,268	10,509,085	10,907,085	11,047,726	46,048,164	12,349,629
Purchased Services	5,339,166	5,448,763	5,076,649	6,652,421	22,516,999	6,570,339
Supplies	680,996	764,751	722,573	707,109	2,875,429	693,365
Depreciation	2,099,363	2,040,936	2,164,109	2,283,774	8,588,182	2,071,812
Other Administrative Expenses	1,406,817	1,644,704	1,714,820	1,588,772	6,355,113	1,848,717
Administrative Expense Adjustment	1,580,132	96,938	22,381	(2,309)	1,697,142	1,230,820
Total Administrative Expenses	24,690,742	20,505,176	20,607,617	22,277,493	88,081,029	24,764,681
TOTAL EXPENSES	362,295,670	467,544,972	465,238,611	467,996,056	1,763,075,309	500,836,928
OPERATING INCOME (LOSS) BEFORE TAX	346,359,841	125,872,796	122,636,102	262,947,125	857,815,865	162,710,007
MCO TAX	376,495,887	118,164,689	118,164,689	304,000,610	916,825,875	169,305,625
OPERATING INCOME (LOSS) NET OF TAX	(30,136,046)	7,708,107	4,471,413	(41,053,485)	(59,010,011)	(6,595,619)
NON-OPERATING REVENUE (EXPENSE)						
Provider Grants/CalAIM/Home Health	25,418	(1,329,860)	(2,537,763)	(1,419,027)	(5,261,231)	(4,675,912)
D-SNP Expenses	(1,480,051)	(877,356)	(951,808)	169,913	(3,139,302)	470,656
Total Non-Operating Revenue (Expense)	(1,454,633)	(2,207,215)	(3,489,571)	(1,249,113)	(8,400,533)	(4,205,257)
NET INCREASE (DECREASE) IN NET POSITION	(31,590,679)	5,500,891	981,842	(42,302,598)	(67,410,544)	(10,800,875)
MEDICAL LOSS RATIO	101.6%	92.9%	93.6%	104.5%	97.8%	95.7%
ADMINISTRATIVE EXPENSE RATIO	8.4%	5.2%	5.2%	6.2%	6.1%	5.9%

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



	2023 - Q4	2024 - Q1	2024 - Q2	2024 - Q3	Rolling Quarter Totals	CURRENT QUARTER 2024 - Q4
Total Members - MCAL	1,038,591	1,234,656	1,217,132	1,204,552	3,490,379	1,209,901
REVENUES						
Medicaid - Family and Other	172.27	201.11	209.43	197.64	195.94	228.42
Medicaid - Expansion Members	338.10	401.13	409.54	343.25	374.86	428.47
Medicaid - SPD Members	1,063.71	1,042.58	1,068.92	918.92	1,020.92	1,039.89
Medicaid - LTC Members	7,447.21	8,123.78	8,200.06	7,764.35	7,900.09	8,050.44
Premium - MCO Tax	361.88	95.71	97.08	252.38	195.14	139.93
Premium - Hospital Directed Payments	61.38	60.51	60.05	61.13	60.74	61.21
Investment Earnings And Other Income	8.70	5.29	6.27	8.82	7.20	5.26
Rate Adjustments - Hospital Directed Payments	(25.29)	2.13	(0.38)	(7.35)	(7.02)	(0.04)
Rate/Income Adjustments	0.48	2.72	(4.15)	1.92	0.24	0.02
Total Revenues	682.32	480.63	483.00	606.82	558.24	548.43
EXPENSES						
MEDICAL COSTS						
Physician Services	58.81	75.41	84.02	83.71	76.10	97.46
Other Professional Services	18.66	30.67	23.74	22.63	24.15	14.53
Emergency Room	14.95	15.60	15.84	15.84	15.58	16.75
Inpatient	76.30	73.77	79.75	81.42	77.84	90.80
Reinsurance Expense	0.18	0.26	0.29	0.28	0.26	0.28
Outpatient Hospital	39.42	35.88	33.71	38.64	36.81	37.27
Other Medical	76.25	65.51	72.53	77.32	72.74	78.96
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.50
Risk Corridor Expense	-	-	-	1.77	0.45	(0.79)
Hospital Directed Payments	61.38	60.51	60.05	61.13	60.74	61.21
Hospital Directed Payment Adjustment	(25.35)	2.16	0.02	(5.39)	(6.42)	(0.04)
Non-Claims Expense Adjustment	1.51	0.29	(0.02)	(3.57)	(0.51)	(1.23)
IBNR, Incentive, Paid Claims Adjustment	1.45	0.50	(6.12)	(5.26)	(2.48)	(3.22)
Total Medical Costs	325.06	362.08	365.31	370.03	356.77	393.48
GROSS MARGIN	357.26	118.56	117.69	236.79	201.47	154.95
ADMINISTRATIVE COSTS						
Compensation	13.08	8.51	8.96	9.17	9.81	10.21
Purchased Services	5.14	4.41	4.17	5.52	4.80	5.43
Supplies	0.66	0.62	0.59	0.59	0.61	0.57
Depreciation	2.02	1.65	1.78	1.90	1.83	1.71
Other Administrative Expenses	1.35	1.33	1.41	1.32	1.35	1.53
Administrative Expense Adjustment	1.52	0.08	0.02	(0.00)	0.36	1.02
Total Administrative Expenses	23.77	16.61	16.93	18.49	18.76	20.47
TOTAL EXPENSES	348.83	378.68	382.24	388.52	375.53	413.95
OPERATING INCOME (LOSS) BEFORE TAX	333.49	101.95	100.76	218.29	182.71	134.48
MCO TAX	362.51	95.71	97.08	252.38	195.28	139.93
OPERATING INCOME (LOSS) NET OF TAX	(29.02)	6.24	3.67	(34.08)	(12.57)	(5.45)
NON-OPERATING REVENUE (EXPENSE)						
Provider Grants/CalAIM/Home Health	0.02	(1.08)	(2.09)	(1.18)	(1.12)	(3.86)
D-SNP Expenses	(1.43)	(0.71)	(0.78)	0.14	(0.67)	0.39
Total Non-Operating Revenue (Expense)	(1.40)	(1.79)	(2.87)	(1.04)	(1.79)	(3.48)
NET INCREASE (DECREASE) IN NET POSITION	(30.42)	4.46	0.81	(35.12)	(14.36)	(8.93)
MEDICAL LOSS RATIO	101.6%	92.9%	93.6%	104.5%	97.8%	95.7%
ADMINISTRATIVE EXPENSE RATIO	8.4%	5.2%	5.2%	6.2%	6.1%	5.9%



MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
ROLLING 6 MONTHS  
FOR THE MONTH ENDED DECEMBER 31, 2024

	JUNE 2024	JULY 2024	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	Prior 6 Month YTD	DECEMBER 2024
Total Members - MCAL	403,695	402,008	400,588	401,956	402,241	403,220	2,413,708	404,440
REVENUES								
Medicaid - Family and Other	54,454,738	54,814,574	55,394,125	47,143,352	55,766,852	62,628,897	330,202,537	63,457,995
Medicaid - Expansion Members	45,412,795	45,242,639	44,943,353	25,578,416	44,274,896	47,452,486	252,904,584	54,963,125
Medicaid - SPD Members	24,185,884	24,362,723	24,068,270	15,514,183	23,582,809	24,507,942	136,221,812	24,524,681
Medicaid - LTC Members	4,461,566	4,316,218	4,169,310	3,673,451	4,161,018	4,337,441	25,119,004	4,180,989
Premium - MCO Tax	39,388,230	39,388,230	39,388,230	225,224,150	59,470,965	59,673,120	462,532,925	50,161,540
Premium - Hospital Directed Payments	25,339,960	24,576,449	24,409,832	24,650,569	24,613,116	24,699,036	148,288,962	24,742,689
Investment Earnings And Other Income	2,584,498	3,396,336	3,597,586	3,630,475	2,035,919	2,147,703	17,392,517	2,179,759
Rate Adjustments - Hospital Directed Payments	(457,542)	(6,686,334)	5,409	(2,168,580)	(55,251)	17,404	(9,344,895)	(7,417)
Rate/Income Adjustments	3,282,276	594,484	117,732	1,598,001	102,639	239,543	5,934,676	(312,962)
Total Revenues	198,652,406	190,005,318	196,093,846	344,844,017	213,952,963	225,703,571	1,369,252,122	223,890,400
EXPENSES								
MEDICAL COSTS								
Physician Services	36,554,096	32,448,391	34,358,210	34,021,968	42,641,203	37,671,697	217,695,565	37,607,514
Other Professional Services	9,148,831	8,910,610	9,280,419	9,068,160	(3,203,582)	9,971,766	43,176,204	10,811,656
Emergency Room	6,665,692	6,362,602	6,439,132	6,283,494	7,576,830	6,638,555	39,966,306	6,048,961
Inpatient	32,758,876	32,835,724	32,643,856	32,589,946	33,979,229	37,175,106	201,982,737	38,706,469
Reinsurance Expense	110,398	113,134	111,965	112,562	111,767	112,931	672,757	112,548
Outpatient Hospital	13,499,596	16,572,741	15,115,990	14,853,348	15,182,189	14,401,513	89,625,376	15,505,363
Other Medical	29,527,118	28,667,716	31,087,518	33,376,773	34,893,013	31,812,311	189,364,449	28,832,240
Pay for Performance Quality Incentive	605,543	603,012	603,849	602,934	603,362	604,830	3,623,529	606,660
Risk Corridor Expense	-	-	-	2,133,095	(1,390,990)	-	742,105	430,817
Hospital Directed Payments	25,339,960	24,576,449	24,409,832	24,650,569	24,613,116	24,699,036	148,288,962	24,742,689
Hospital Directed Payment Adjustment	(20,001)	(6,679,802)	5,409	185,219	(55,251)	17,404	(6,547,023)	(7,417)
Non-Claims Expense Adjustment	(59,596)	1,831	(3,882,116)	(414,162)	(329)	(1,490,761)	(5,845,134)	1,931
IBNR, Incentive, Paid Claims Adjustment	(3,427,580)	(2,330,513)	(2,153,708)	(1,847,593)	905,899	277,697	(8,575,798)	(5,075,723)
Total Medical Costs	150,702,934	142,081,895	148,020,355	155,616,313	155,856,455	161,892,084	914,170,036	158,323,708
GROSS MARGIN	47,949,472	47,923,423	48,073,491	189,227,704	58,096,509	63,811,487	455,082,087	65,566,692
ADMINISTRATIVE COSTS								
Compensation	3,543,998	3,719,030	3,883,154	3,445,542	3,800,976	4,154,887	22,547,588	4,393,765
Purchased Services	1,609,874	2,266,065	2,446,404	1,939,952	1,959,335	1,661,091	11,882,721	2,949,925
Supplies	399,825	406,426	102,708	197,976	250,386	133,675	1,490,994	309,304
Depreciation	704,955	704,955	703,523	875,296	718,614	691,764	4,399,108	661,433
Other Administrative Expenses	489,373	608,392	453,737	526,643	706,468	608,620	3,393,233	533,629
Administrative Expense Adjustment	47,630	-	(2,444)	135	0	(2,230)	43,091	1,233,038
Total Administrative Expenses	6,795,655	7,704,868	7,587,082	6,985,543	7,435,779	7,247,808	43,756,736	10,081,094
TOTAL EXPENSES	157,498,590	149,786,762	155,607,437	162,601,856	163,292,234	169,139,892	957,926,771	168,404,802
OPERATING INCOME (LOSS) BEFORE TAX	41,153,817	40,218,556	40,486,409	182,242,161	50,660,730	56,563,679	411,325,351	55,485,598
MCO TAX	39,388,230	39,388,230	39,388,230	225,224,150	59,470,965	59,673,120	462,532,925	50,161,540
OPERATING INCOME (LOSS) NET OF TAX	1,765,587	830,326	1,098,179	(42,981,989)	(8,810,236)	(3,109,441)	(51,207,574)	5,324,058
NON-OPERATING REVENUE (EXPENSE)								
Total Non-Operating Revenue (Expense)	(1,631,585)	(507,411)	(235,639)	(506,063)	(1,781,820)	(834,074)	(5,496,592)	(1,589,363)
NET INCREASE (DECREASE) IN NET POSITION	134,002	322,915	862,540	(43,488,053)	(10,592,056)	(3,943,514)	(56,704,166)	3,734,694
MEDICAL LOSS RATIO	93.3%	93.6%	93.4%	134.6%	101.1%	97.1%	100.6%	89.7%
ADMINISTRATIVE EXPENSE RATIO	5.1%	5.8%	5.7%	7.2%	5.7%	5.1%	5.7%	6.8%

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
PMPM ROLLING 6 MONTHS  
FOR THE MONTH ENDED DECEMBER 31, 2024



	JUNE 2024	JULY 2024	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	6 Month Prior YTD	DECEMBER 2024
Total Members - MCAL	403,695	402,008	400,588	401,956	402,241	403,220	2,413,708	404,440
<b>REVENUES</b>								
Medicaid - Family and Other	203.33	205.51	208.04	177.79	210.36	236.28	207.28	239.73
Medicaid - Expansion Members	394.31	398.75	399.18	226.08	390.42	414.85	372.73	492.79
Medicaid - SPD Members	1,083.31	1,060.22	1,063.41	670.71	1,016.41	1,054.01	979.87	1,029.45
Medicaid - LTC Members	8,629.72	8,190.17	8,002.51	7,023.81	7,850.98	8,309.27	7,986.96	8,009.56
Premium - MCO Tax	97.57	97.98	98.33	560.32	147.85	147.99	191.63	124.03
Premium - Hospital Directed Payments	62.77	61.13	60.94	61.33	61.19	61.25	61.44	61.18
Investment Earnings And Other Income	6.40	8.45	8.98	9.03	5.06	5.33	7.21	5.39
Rate Adjustments - Hospital Directed Payments	(1.13)	(16.63)	0.01	(5.40)	(0.14)	0.04	(3.87)	(0.02)
Rate/Income Adjustments	8.13	1.48	0.29	3.98	0.26	0.59	2.46	(0.77)
Total Revenues	492.09	472.64	489.52	857.91	531.90	559.75	567.28	553.58
<b>EXPENSES</b>								
<b>MEDICAL COSTS</b>								
Physician Services	90.55	80.72	85.77	84.64	106.01	93.43	90.19	92.99
Other Professional Services	22.66	22.17	23.17	22.56	(7.96)	24.73	17.89	26.73
Emergency Room	16.51	15.83	16.07	15.63	18.84	16.46	16.56	14.96
Inpatient	81.15	81.68	81.49	81.08	84.47	92.20	83.68	95.70
Reinsurance Expense	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Outpatient Hospital	33.44	41.22	37.73	36.95	37.74	35.72	37.13	38.34
Other Medical	73.14	71.31	77.60	83.04	86.75	78.90	78.45	71.29
Pay for Performance Quality Incentive	1.50	1.50	1.51	1.50	1.50	1.50	1.50	1.50
Risk Corridor Expense	-	-	-	5.31	(3.46)	-	0.31	1.07
Hospital Directed Payments	62.77	61.13	60.94	61.33	61.19	61.25	61.44	61.18
Hospital Directed Payment Adjustment	(0.05)	(16.62)	0.01	0.46	(0.14)	0.04	(2.71)	(0.02)
Non-Claims Expense Adjustment	(0.15)	0.00	(9.69)	(1.03)	(0.00)	(3.70)	(2.42)	0.00
IBNR, Incentive, Paid Claims Adjustment	(8.49)	(5.80)	(5.38)	(4.60)	2.25	0.69	(3.55)	(12.55)
Total Medical Costs	373.31	353.43	369.51	387.15	387.47	401.50	378.74	391.46
GROSS MARGIN	118.78	119.21	120.01	470.77	144.43	158.25	188.54	162.12
<b>ADMINISTRATIVE COSTS</b>								
Compensation	8.78	9.25	9.69	8.57	9.45	10.30	9.34	10.86
Purchased Services	3.99	5.64	6.11	4.83	4.87	4.12	4.92	7.29
Supplies	0.99	1.01	0.26	0.49	0.62	0.33	0.62	0.76
Depreciation	1.75	1.75	1.76	2.18	1.79	1.72	1.82	1.64
Other Administrative Expenses	1.21	1.51	1.13	1.31	1.76	1.51	1.41	1.32
Administrative Expense Adjustment	0.12	-	(0.01)	0.00	0.00	(0.01)	0.02	3.05
Total Administrative Expenses	16.83	19.17	18.94	17.38	18.49	17.97	18.13	24.93
TOTAL EXPENSES	390.14	372.60	388.45	404.53	405.96	419.47	396.87	416.39
OPERATING INCOME (LOSS) BEFORE TAX	101.94	100.04	101.07	453.39	125.95	140.28	170.41	137.19
MCO TAX	97.57	97.98	98.33	560.32	147.85	147.99	191.63	124.03
OPERATING INCOME (LOSS) NET OF TAX	4.37	2.07	2.74	(106.93)	(21.90)	(7.71)	(21.22)	13.16
<b>NON-OPERATING REVENUE (EXPENSE)</b>								
Provider Grants/CalAIM/Home Health	(3.08)	(1.09)	(1.48)	(0.97)	(6.56)	(1.50)	(2.45)	(3.54)
D-SNP Expenses	(0.96)	(0.17)	0.89	(0.29)	2.13	(0.57)	0.17	(0.39)
Total Non-Operating Revenue (Expense)	(4.04)	(1.26)	(0.59)	(1.26)	(4.43)	(2.07)	(2.28)	(3.93)
NET INCREASE (DECREASE) IN NET POSITION	0.33	0.80	2.15	(108.19)	(26.33)	(9.78)	(23.49)	9.23
MEDICAL LOSS RATIO	93.3%	93.6%	93.4%	134.6%	101.1%	97.1%	100.6%	89.7%
ADMINISTRATIVE EXPENSE RATIO	5.1%	5.8%	5.7%	7.2%	5.7%	5.1%	5.7%	6.8%

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

REVENUES	December	Budget	Variance	Year to Date	Budget	Variance
Premium - Medi-Cal	55,822,462	46,402,489	9,419,974	574,640,440	557,861,765	16,778,675
Premium - Maternity Kick	4,287,419	3,264,152	1,023,267	40,847,615	39,242,411	1,605,203
Premium - Enhanced Care Management	1,631,673	1,383,051	248,621	17,202,141	16,627,370	574,771
Premium - Major Organ Transplant	263,452	237,700	25,752	3,110,694	2,857,681	253,012
Premium - Provider Enhancement	1,174,962	1,084,021	90,941	14,011,780	13,032,361	979,418
Premium - GEMT	181,319	187,108	(5,789)	2,203,622	2,249,455	(45,832)
Premium - Cal AIM	0	332,665	(332,665)	8,559,982	3,999,372	4,560,610
Premium - Student Behavioral Health Incentive	-	157,891	(157,891)	1,704,218	1,898,205	(193,987)
Premium - Housing and Homelessness Incentive	-	-	-	6,395,468	-	6,395,468
Premium - Equity & Practice Transformation	-	-	-	569,537	-	569,537
Premium - Distinct Part Nursing Facility	239	-	239	2,734	-	2,734
Other	96,470	-	96,470	1,170,555	-	1,170,555
<b>TOTAL MEDICAID - FAMILY &amp; OTHER</b>	<b>63,457,995</b>	<b>53,049,076</b>	<b>10,408,920</b>	<b>670,418,785</b>	<b>637,768,621</b>	<b>32,650,164</b>
Premium - Medi-Cal	51,740,111	41,406,918	10,333,193	500,009,099	503,548,951	(3,539,851)
Premium - Maternity Kick	434,986	422,753	12,233	5,192,870	5,141,089	51,781
Premium - Enhanced Care Management	1,680,951	1,585,202	95,749	20,129,337	19,277,620	851,717
Premium - Major Organ Transplant	429,734	414,707	15,027	5,139,392	5,043,244	96,148
Premium - Provider Enhancement	375,382	354,794	20,588	4,474,820	4,314,646	160,174
Premium - GEMT	255,996	262,662	(6,665)	3,080,135	3,194,227	(114,092)
Premium - Cal AIM	(0)	293,640	(293,640)	3,693,947	3,570,951	122,996
Premium - Student Behavioral Health Incentive	-	139,369	(139,369)	728,532	1,694,865	(966,332)
Premium - Housing and Homelessness Incentive	-	-	-	2,739,905	-	2,739,905
Premium - Equity & Practice Transformation	-	-	-	243,998	-	243,998
Premium - Distinct Part Nursing Facility	3	-	3	81	-	81
Other	45,962	-	45,962	552,410	-	552,410
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>54,963,125</b>	<b>44,880,044</b>	<b>10,083,081</b>	<b>545,984,526</b>	<b>545,785,591</b>	<b>198,934</b>
Premium - Medi-Cal	23,129,759	19,583,522	3,546,237	261,924,688	237,950,566	23,974,122
Premium - Enhanced Care Management	885,012	727,727	157,284	10,303,196	8,842,288	1,460,908
Premium - Major Organ Transplant	315,632	263,364	52,269	3,624,186	3,200,013	424,173
Premium - Provider Enhancement	28,652	24,705	3,947	334,844	300,179	34,665
Premium - GEMT	165,627	147,909	17,718	1,931,570	1,797,177	134,393
Premium - Cal AIM	-	141,888	(141,888)	750,906	1,724,020	(973,114)
Premium - Student Behavioral Health Incentive	-	67,344	(67,344)	144,653	818,264	(673,611)
Premium - Housing and Homelessness Incentive	-	-	-	525,772	-	525,772
Premium - Equity & Practice Transformation	-	-	-	46,822	-	46,822
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>24,524,681</b>	<b>20,956,459</b>	<b>3,568,222</b>	<b>279,586,636</b>	<b>254,632,507</b>	<b>24,954,129</b>
Premium - Medi-Cal	4,152,888	4,395,083	(242,195)	49,235,832	52,740,998	(3,505,166)
Premium - Enhanced Care Management	9,622	10,315	(693)	114,507	123,779	(9,272)
Premium - Major Organ Transplant	14,196	15,235	(1,040)	169,151	182,823	(13,672)
Premium - Provider Enhancement	4	4	(1)	48	53	(5)
Premium - GEMT	3,257	3,176	81	39,301	38,112	1,190
Premium - Cal AIM	(0)	31,530	(31,530)	16,858	378,360	(361,502)
Premium - Student Behavioral Health Incentive	-	14,965	(14,965)	3,230	179,579	(176,350)
Premium - Housing and Homelessness Incentive	-	-	-	11,558	-	11,558
Premium - Equity & Practice Transformation	-	-	-	1,029	-	1,029
Premium - Distinct Part Nursing Facility	1,022	-	1,022	12,089	-	12,089
Other	-	-	-	-	-	-
<b>TOTAL MEDICAID - LTC MEMBERS</b>	<b>4,180,989</b>	<b>4,470,309</b>	<b>(289,320)</b>	<b>49,603,603</b>	<b>53,643,704</b>	<b>(4,040,101)</b>

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



REVENUES	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
Premium - Medi-Cal	47,241,506	48,947,162	49,229,878	48,457,890	45,604,186	48,268,333	48,440,858	48,131,710	39,944,804	47,187,381	47,364,268	55,822,462	574,640,440
Premium - Maternity Kick	2,781,366	2,862,736	2,796,161	3,040,270	3,173,420	2,907,119	3,321,365	4,231,227	3,323,673	4,552,613	3,570,246	4,287,419	40,847,615
Premium - Enhanced Care Management	1,360,425	1,373,690	1,369,893	1,329,522	1,080,066	1,437,528	1,324,442	1,315,508	2,161,904	1,407,300	1,410,189	1,631,673	17,202,141
Premium - Major Organ Transplant	242,912	264,248	268,461	260,651	203,323	289,608	263,632	262,300	264,484	263,074	264,549	263,452	3,110,694
Premium - Cal AIM	-	-	-	-	-	-	-	-	-	-	8,559,982	0	8,559,982
Premium - Provider Enhancement	1,115,725	1,189,379	1,203,274	1,179,009	1,008,150	1,255,995	1,180,759	1,172,208	1,180,202	1,171,910	1,180,207	1,174,962	14,011,780
Premium - GEMT	187,833	192,364	192,415	187,592	158,941	198,874	185,899	184,380	169,297	182,217	182,492	181,319	2,203,622
Premium - Student Behavioral Health Incentive	-	-	-	798,493	-	-	-	-	-	905,724	-	-	1,704,218
Premium - Housing and Homelessness Incentive	-	-	-	6,395,468	-	-	-	-	-	-	-	-	6,395,468
Premium - Equity & Practice Transformation	-	-	-	569,537	-	-	-	-	-	-	-	-	569,537
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-	-	-	2,025	234	236	239	2,734
Other	97,449	98,860	99,005	98,756	98,236	97,279	97,619	96,791	96,962	96,399	96,728	96,470	1,170,555
<b>TOTAL MEDICAID - FAMILY &amp; OTHER</b>	<b>53,027,216</b>	<b>54,928,439</b>	<b>55,159,087</b>	<b>62,317,189</b>	<b>51,326,322</b>	<b>54,454,738</b>	<b>54,814,574</b>	<b>55,394,125</b>	<b>47,143,352</b>	<b>55,766,852</b>	<b>62,628,897</b>	<b>63,457,995</b>	<b>670,418,785</b>
Premium - Medi-Cal	43,459,690	44,508,533	44,016,473	43,567,402	43,005,883	42,475,755	42,240,002	42,088,885	21,913,683	40,481,897	40,510,785	51,740,111	500,009,099
Premium - Maternity Kick	576,986	710,136	503,013	325,479	281,096	258,904	340,274	199,726	403,958	659,799	498,515	434,986	5,192,870
Premium - Enhanced Care Management	1,651,191	1,664,324	1,642,575	1,626,006	1,605,210	1,579,736	1,569,286	1,564,662	2,242,374	1,650,725	1,652,298	1,680,951	20,129,337
Premium - Major Organ Transplant	432,007	442,199	437,523	433,298	427,929	422,778	420,674	419,415	422,787	425,365	425,682	429,734	5,139,392
Premium - Cal AIM	-	-	-	-	-	-	-	-	-	-	3,693,947	(0)	3,693,947
Premium - Provider Enhancement	373,632	384,099	380,389	376,842	372,278	368,239	366,657	365,604	368,793	371,296	371,608	375,382	4,474,820
Premium - GEMT	271,454	274,545	271,386	268,943	265,767	261,970	260,625	260,108	181,442	253,823	254,076	255,996	3,080,135
Premium - Student Behavioral Health Incentive	-	-	-	342,085	-	-	-	-	-	386,447	-	-	728,532
Premium - Housing and Homelessness Incentive	-	-	-	2,739,905	-	-	-	-	-	-	-	-	2,739,905
Premium - Equity & Practice Transformation	-	-	-	243,998	-	-	-	-	-	-	-	-	243,998
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-	-	-	71	4	4	3	81
Other	46,893	47,755	47,171	46,671	46,053	45,413	45,122	44,952	45,308	45,540	45,572	45,962	552,410
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>46,811,852</b>	<b>48,031,590</b>	<b>47,298,530</b>	<b>49,970,629</b>	<b>46,004,215</b>	<b>45,412,795</b>	<b>45,242,639</b>	<b>44,943,353</b>	<b>25,578,416</b>	<b>44,274,896</b>	<b>47,452,486</b>	<b>54,963,125</b>	<b>545,984,526</b>
Premium - Medi-Cal	22,135,884	22,247,086	22,395,301	22,414,824	22,542,535	22,863,443	23,030,954	22,753,177	13,902,698	22,134,559	22,274,467	23,129,759	261,924,688
Premium - Enhanced Care Management	802,416	805,446	810,071	809,677	813,823	825,377	830,598	819,178	1,158,208	868,382	875,009	885,012	10,303,196
Premium - Major Organ Transplant	289,069	291,313	293,840	294,966	297,016	301,270	304,130	301,571	310,765	309,714	314,901	315,632	3,624,186
Premium - Cal AIM	-	-	-	-	-	-	-	-	-	-	750,906	-	750,906
Premium - Provider Enhancement	27,257	27,350	27,490	27,471	27,602	27,999	28,168	27,768	28,496	28,198	28,393	28,652	334,844
Premium - GEMT	163,069	163,702	164,656	164,596	165,447	167,796	168,873	166,576	114,017	162,947	164,265	165,627	1,931,570
Premium - Student Behavioral Health Incentive	-	-	-	65,644	-	-	-	-	-	79,009	-	-	144,653
Premium - Housing and Homelessness Incentive	-	-	-	525,772	-	-	-	-	-	-	-	-	525,772
Premium - Equity & Practice Transformation	-	-	-	46,822	-	-	-	-	-	-	-	-	46,822
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>23,417,694</b>	<b>23,534,898</b>	<b>23,691,358</b>	<b>24,349,771</b>	<b>23,846,423</b>	<b>24,185,884</b>	<b>24,362,723</b>	<b>24,068,270</b>	<b>15,514,183</b>	<b>23,582,809</b>	<b>24,507,942</b>	<b>24,524,681</b>	<b>279,586,636</b>
Premium - Medi-Cal	3,950,994	4,064,582	4,029,135	4,021,131	4,096,164	4,433,079	4,288,666	4,143,142	3,633,618	4,130,690	4,291,742	4,152,888	49,235,832
Premium - Enhanced Care Management	9,002	9,285	9,206	9,179	9,347	10,145	9,808	9,445	9,613	9,959	9,959	9,622	114,507
Premium - Major Organ Transplant	13,131	13,656	13,568	13,567	13,823	15,086	14,595	13,905	14,648	14,396	14,580	14,196	169,151
Premium - Cal AIM	-	-	-	-	-	-	-	-	-	-	16,858	(0)	16,858
Premium - Provider Enhancement	3	4	4	4	4	5	5	4	4	5	4	4	48
Premium - GEMT	2,536	2,779	2,790	2,814	2,870	3,252	3,145	2,814	6,278	3,543	3,222	3,257	39,301
Premium - Student Behavioral Health Incentive	-	-	-	1,443	-	-	-	-	-	1,786	-	-	3,230
Premium - Housing and Homelessness Incentive	-	-	-	11,558	-	-	-	-	-	-	-	-	11,558
Premium - Equity & Practice Transformation	-	-	-	1,029	-	-	-	-	-	-	-	-	1,029
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-	-	-	9,006	985	1,076	1,022	12,089
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL MEDICAID - LTC MEMBERS</b>	<b>3,975,666</b>	<b>4,090,307</b>	<b>4,054,703</b>	<b>4,060,726</b>	<b>4,122,208</b>	<b>4,461,566</b>	<b>4,316,218</b>	<b>4,169,310</b>	<b>3,673,451</b>	<b>4,161,018</b>	<b>4,337,441</b>	<b>4,180,989</b>	<b>49,603,603</b>

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

	December	Budget	Variance	Year to Date	Budget	Variance
<b>Physician Services</b>						
Primary Care Physician Services	13,154,853	5,633,703	(7,521,150)	99,245,195	67,985,617	(31,259,578)
Referral Specialty Services	16,790,442	20,859,099	4,068,657	267,462,619	252,221,873	(15,240,746)
Urgent Care & After Hours Advice	7,652,920	2,666,834	(4,986,086)	47,301,659	32,178,755	(15,122,904)
Hospital Admitting Team	9,300	9,300	-	109,800	109,800	-
<b>Total Physician Services</b>	<b>37,607,514</b>	<b>29,168,936</b>	<b>(8,438,578)</b>	<b>414,119,273</b>	<b>352,496,045</b>	<b>(61,623,228)</b>
<b>Other Professional Services</b>						
Vision Service Capitation	348,348	341,785	(6,563)	3,939,332	4,124,370	185,038
221 - Business Intelligence	207,122	155,852	(51,270)	1,956,588	1,885,041	(71,547)
310 - Health Services - Utilization Management	985,552	1,118,215	132,663	9,213,805	13,524,844	4,311,039
311 - Health Services - Quality Improvement	300,958	337,507	36,549	2,458,751	4,082,160	1,623,409
312 - Health Services Education	418,048	385,653	(32,396)	3,429,027	4,664,479	1,235,452
313 - Pharmacy	153,516	136,317	(17,199)	1,361,491	1,648,757	287,266
314 - Enhanced Care Management	514,363	423,316	(91,047)	4,064,242	5,120,025	1,055,784
316 - Population Health Management	758,532	657,382	(101,150)	6,369,718	7,951,057	1,581,339
317 - In Lieu of Services	172,304	138,390	(33,914)	1,323,729	1,673,835	350,106
321 - Homeless Management Information Services	55,415	33,088	(22,327)	420,310	400,201	(20,109)
330 - Member Services	1,391,344	1,064,119	(327,225)	12,533,615	12,870,550	336,934
331 - Member Outreach	133,836	337,613	203,778	643,085	4,083,442	3,440,358
410 - Member Engagement	60,973	76,052	15,079	710,860	919,850	208,990
601 - Behavioral Health	216,559	170,694	(45,865)	1,560,693	2,064,545	503,852
602 - Quality & Health Equity	73,431	74,157	726	876,775	896,933	20,158
604 - Clinical Operations, Strategy, and Analytics	165,365	128,513	(36,852)	1,251,148	1,554,372	303,224
Behavior Health Treatment	2,725,646	3,755,007	1,029,361	32,041,409	45,271,283	13,229,874
Mental Health Services	420,104	1,071,527	651,423	5,334,409	12,999,919	7,665,870
Other Professional Services	1,710,240	4,897,874	3,187,634	22,109,456	59,184,437	37,074,981
<b>Total Other Professional Services</b>	<b>10,811,656</b>	<b>15,303,061</b>	<b>4,491,405</b>	<b>111,598,083</b>	<b>184,920,099</b>	<b>73,322,016</b>
<b>Emergency Room</b>						
Emergency Room	6,048,961	6,508,395	459,434	77,890,977	78,632,250	741,273
Inpatient Hospital	38,706,469	27,959,779	(10,746,690)	396,082,677	338,580,290	(57,502,387)
Reinsurance Expense Premium	112,548	112,588	40	1,346,512	1,358,616	12,104
Outpatient Hospital	15,505,363	12,905,465	(2,599,898)	176,969,664	156,273,105	(20,696,559)
<b>Other Medical</b>						
Ambulance and NEMT	6,074,222	2,766,167	(3,308,055)	59,152,782	33,438,319	(25,714,463)
Home Health Services & CBAS	895,972	869,064	(26,908)	14,830,583	10,524,433	(4,306,150)
Utilization and Quality Review Expenses	327,962	1,723,824	1,395,862	14,046,044	20,849,703	6,803,659
Long Term/SNF/Hospice	8,540,610	9,011,678	471,069	130,063,302	108,455,009	(21,608,292)
Provider Enhancement Expense - Prop. 56	1,500,410	1,780,391	279,981	17,877,636	16,764,877	(1,112,759)
Provider Enhancement Expense - GEMT	606,199	180,770	(425,430)	7,254,629	6,915,022	(339,607)
Enhanced Care Management	4,409,061	3,545,731	(863,330)	45,364,722	42,928,489	(2,436,233)
Major Organ Transplant	980,471	884,455	(96,016)	11,550,643	10,719,574	(831,069)
Cal AIM Incentive Programs	3,494,095	759,737	(2,734,359)	29,895,342	9,189,068	(20,706,274)
Student Behavioral Health Incentive	-	360,590	360,590	1,159,360	4,361,367	3,202,007
Housing and Homelessness Incentive	-	-	-	4,164,729	-	(4,164,729)
Equity & Practice Transformation Expense	-	-	-	321,366	-	(321,366)
Distinct Part Nursing Facility Expense	1,264	-	(1,264)	14,904	-	(14,904)
DME/Rebates	2,001,973	1,535,074	(466,899)	22,138,696	18,574,736	(3,563,960)
<b>Total Other Medical</b>	<b>28,832,240</b>	<b>23,417,481</b>	<b>(5,414,759)</b>	<b>357,834,737</b>	<b>282,720,597</b>	<b>(75,114,140)</b>
Pay for Performance Quality Incentive	606,660	603,150	(3,510)	7,302,318	7,278,300	(24,018)
Risk Corridor Expense	430,817	-	(430,817)	1,172,922	-	(1,172,922)
Hospital Directed Payments	24,742,689	22,010,929	(2,731,760)	295,492,005	266,382,897	(29,109,107)
Hospital Directed Payment Adjustment	(7,417)	-	7,417	(3,851,969)	-	3,851,969
Non-Claims Expense Adjustment	1,931	-	(1,931)	(5,449,472)	-	5,449,472
IBNR, Incentive, Paid Claims Adjustment	(5,075,723)	-	5,075,723	(17,046,128)	-	17,046,128
<b>Total Medical Costs</b>	<b>158,323,708</b>	<b>137,989,785</b>	<b>(20,333,924)</b>	<b>1,813,461,599</b>	<b>1,668,642,200</b>	<b>(144,819,400)</b>

\* MEDICAL COSTS PER DMHC REGULATIONS

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



	December	Budget	Variance	Year to Date	Budget	Variance
<b>TOTAL MEMBERS - MCAL</b>	<b>404,440</b>	<b>402,100</b>	<b>2,340</b>	<b>4,866,241</b>	<b>4,852,200</b>	<b>14,041</b>
<b>Physician Services</b>						
Primary Care Physician Services	32.53	14.01	(18.52)	20.39	14.01	(6.38)
Referral Specialty Services	41.52	51.88	10.36	54.96	51.98	(2.98)
Urgent Care & After Hours Advice	18.92	6.63	(12.29)	9.72	6.63	(3.09)
Hospital Admitting Team	0.02	0.02	0.00	0.02	0.02	0.00
<b>Total Physician Services</b>	<b>92.99</b>	<b>72.54</b>	<b>(20.45)</b>	<b>85.10</b>	<b>72.65</b>	<b>(12.45)</b>
<b>Other Professional Services</b>						
Vision Service Capitation	0.86	0.85	(0.01)	0.81	0.85	0.04
221 - Business Intelligence	0.51	0.39	(0.12)	0.40	0.39	(0.01)
310 - Health Services - Utilization Management	2.44	2.78	0.34	1.89	2.79	0.89
311 - Health Services - Quality Improvement	0.74	0.84	0.10	0.51	0.84	0.34
312 - Health Services Education	1.03	0.96	(0.07)	0.70	0.96	0.26
313 - Pharmacy	0.38	0.34	(0.04)	0.28	0.34	0.06
314 - Enhanced Care Management	1.27	1.05	(0.22)	0.84	1.06	0.22
316 - Population Health Management	1.88	1.63	(0.24)	1.31	1.64	0.33
317 - In Lieu of Services	0.43	0.34	(0.08)	0.27	0.34	0.07
321 - Homeless Management Information Services	0.14	0.08	(0.05)	0.09	0.08	(0.00)
330 - Member Services	3.44	2.65	(0.79)	2.58	2.65	0.08
331 - Member Outreach	0.33	0.84	0.51	0.13	0.84	0.71
410 - Member Engagement	0.15	0.19	0.04	0.15	0.19	0.04
601 - Behavioral Health	0.54	0.42	(0.11)	0.32	0.43	0.10
602 - Quality & Health Equity	0.18	0.18	0.00	0.18	0.18	0.00
604 - Clinical Operations, Strategy, and Analytics	0.41	0.32	(0.09)	0.26	0.32	0.06
Behavior Health Treatment	6.74	9.34	2.60	6.58	9.33	2.75
Mental Health Services	1.04	2.66	1.63	1.10	2.68	1.58
<b>Other Professional Services</b>	<b>4.23</b>	<b>12.18</b>	<b>7.95</b>	<b>4.54</b>	<b>12.20</b>	<b>7.65</b>
<b>Total Other Professional Services</b>	<b>26.73</b>	<b>38.06</b>	<b>11.33</b>	<b>22.93</b>	<b>38.11</b>	<b>15.18</b>
Emergency Room	14.96	16.19	1.23	16.01	16.21	0.20
Inpatient Hospital	95.70	69.53	(26.17)	81.39	69.78	(11.62)
Reinsurance Expense Premium	0.28	0.28	0.00	0.28	0.28	0.00
Outpatient Hospital	38.34	32.10	(6.24)	36.37	32.21	(4.16)
<b>Other Medical</b>						
Ambulance and NEMT	15.02	6.88	(8.14)	12.16	6.89	(5.26)
Home Health Services & CBAS	2.22	2.16	(0.05)	3.05	2.17	(0.88)
Utilization and Quality Review Expenses	0.81	4.29	3.48	2.89	4.30	1.41
Long Term/SNF/Hospice	21.12	22.41	1.29	26.73	22.35	(4.38)
Provider Enhancement Expense - Prop. 56	3.71	4.43	0.72	3.67	3.46	(0.22)
Provider Enhancement Expense - GEMT	1.50	0.45	(1.05)	1.49	1.43	(0.07)
Enhanced Care Management	10.90	8.82	(2.08)	9.32	8.85	(0.48)
Major Organ Transplant	2.42	2.20	(0.22)	2.37	2.21	(0.16)
Cal AIM Incentive Programs	8.64	1.89	(6.75)	6.14	1.89	(4.25)
Student Behavioral Health Incentive	-	0.90	0.90	0.24	0.90	0.66
Housing and Homelessness Incentive	-	-	-	0.86	-	(0.86)
Equity & Practice Transformation Expense	-	-	-	0.07	-	(0.07)
Distinct Part Nursing Facility Expense	0.00	-	(0.00)	0.00	-	(0.00)
DME/Rebates	4.95	3.82	(1.13)	4.55	3.83	(0.72)
<b>Total Other Medical</b>	<b>71.29</b>	<b>58.24</b>	<b>(13.05)</b>	<b>73.53</b>	<b>58.27</b>	<b>(15.27)</b>
Pay for Performance Quality Incentive	1.50	1.50	(0.00)	1.50	1.50	(0.00)
Risk Corridor Expense	1.07	-	(1.07)	0.24	-	(0.24)
Hospital Directed Payments	61.18	54.74	(6.44)	60.72	54.90	(5.82)
Hospital Directed Payment Adjustment	(0.02)	-	0.02	(0.79)	-	0.79
Non-Claims Expense Adjustment	0.00	-	(0.00)	(1.12)	-	1.12
IBNR, Incentive, Paid Claims Adjustment	(12.55)	-	12.55	(3.50)	-	3.50
<b>Total Medical Costs</b>	<b>391.46</b>	<b>343.17</b>	<b>(48.29)</b>	<b>372.66</b>	<b>343.89</b>	<b>(28.77)</b>



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

	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
<b>Physician Services</b>													
Primary Care Physician Services	6,499,076	6,559,994	7,176,252	8,439,162	7,656,483	10,560,497	4,814,529	6,586,511	6,536,360	5,921,529	15,339,949	13,154,853	99,245,195
Referral Specialty Services	21,255,092	22,977,486	20,309,856	21,606,841	21,227,905	22,534,971	24,157,015	24,334,504	24,186,807	28,485,057	19,596,402	16,790,442	267,462,619
Urgent Care & After Hours Advice	2,319,250	3,179,640	2,806,586	2,687,879	4,069,091	3,449,628	3,467,547	3,427,895	3,289,806	8,225,316	2,726,101	7,652,920	47,301,659
Hospital Admitting Team	9,300	8,700	9,300	9,000	9,000	9,000	9,300	9,300	9,300	9,000	9,300	9,300	109,800
<b>Total Physician Services</b>	<b>30,082,718</b>	<b>32,725,820</b>	<b>30,301,995</b>	<b>32,742,882</b>	<b>32,962,778</b>	<b>36,554,096</b>	<b>32,448,391</b>	<b>34,358,210</b>	<b>34,021,368</b>	<b>42,641,203</b>	<b>37,671,697</b>	<b>37,607,514</b>	<b>414,115,273</b>
<b>Other Professional Services</b>													
Vision Service Capitation	140,322	296,413	344,110	359,517	404,063	339,399	343,443	339,893	341,707	339,293	342,825	348,348	3,939,332
221 - Business Intelligence	166,419	154,838	154,693	149,676	157,920	164,059	162,549	93,397	170,932	173,297	201,686	207,122	1,956,588
310 - Health Services - Utilization Management	852,585	802,658	800,584	810,297	790,917	700,035	698,997	669,680	652,308	701,001	749,192	985,552	9,213,805
311 - Health Services - Quality Improvement	240,989	241,505	131,143	25,469	194,860	181,920	202,485	217,662	217,269	264,934	239,558	300,958	2,458,751
312 - Health Services Education	238,074	244,710	246,020	243,125	259,637	263,229	286,717	282,077	302,858	307,327	337,204	418,048	3,429,027
313 - Pharmacy	117,253	108,343	102,637	102,244	111,483	107,476	102,845	112,041	109,561	115,772	118,322	153,516	1,361,491
314 - Enhanced Care Management	296,401	292,841	287,850	309,036	318,231	301,102	332,277	343,316	338,260	358,890	371,674	514,363	4,064,242
316 - Population Health Management	495,663	471,064	489,719	503,611	532,764	469,214	507,513	529,689	511,968	554,856	545,125	758,532	6,369,718
317 - In Lieu of Services	88,658	84,311	80,050	94,979	105,477	95,152	117,324	119,643	110,397	125,854	129,580	172,304	1,323,729
321 - Homeless Management Information Services	-	9,044	676	101,045	26,625	30,523	37,075	37,682	41,115	39,330	41,780	55,415	420,310
330 - Member Services	996,071	988,648	974,384	1,059,971	1,115,929	914,815	1,092,015	1,055,537	981,352	995,963	967,586	1,391,344	12,533,615
410 - Member Engagement	68,866	68,715	62,767	70,719	55,899	53,496	45,774	55,207	46,888	61,979	59,579	60,973	710,860
601 - Behavioral Health	63,991	79,219	103,195	113,713	138,092	134,174	137,330	136,230	131,794	145,630	160,766	216,559	1,560,693
602 - Quality & Health Equity	76,057	71,516	71,726	71,420	73,359	72,782	67,412	72,107	71,525	70,009	85,432	73,431	876,775
604 - Clinical Operations, Strategy, and Analytics	77,153	69,408	82,369	83,076	79,230	90,449	102,114	113,575	113,657	144,430	130,321	165,365	1,251,148
Behavior Health Treatment	3,612,672	1,051,116	3,458,567	1,308,993	2,602,725	2,931,009	2,668,314	2,863,238	2,674,105	3,269,050	2,875,975	2,725,646	32,041,409
Mental Health Services	1,525,645	620,225	1,069,857	826,611	393,105	330,088	173,541	343,978	450,090	(1,482,154)	662,960	420,104	5,334,049
Other Professional Services	4,642,734	5,211,408	4,823,947	4,258,014	1,813,653	1,904,534	1,762,191	1,826,761	1,736,929	(9,464,178)	1,883,223	1,710,240	22,109,456
<b>Total Other Professional Services</b>	<b>13,699,554</b>	<b>10,865,981</b>	<b>13,296,336</b>	<b>10,516,696</b>	<b>9,231,655</b>	<b>9,148,831</b>	<b>8,910,610</b>	<b>9,280,419</b>	<b>9,068,160</b>	<b>(3,203,582)</b>	<b>9,971,766</b>	<b>10,811,656</b>	<b>111,598,083</b>
Emergency Room	6,905,833	6,114,762	6,246,167	6,286,018	6,322,930	6,665,692	6,362,602	6,439,132	6,283,494	7,576,830	6,638,555	6,048,961	77,890,977
Inpatient Hospital	30,185,040	29,579,215	31,316,403	33,608,353	30,704,459	32,758,876	32,835,724	32,643,856	32,589,946	33,979,229	37,175,106	38,706,469	396,082,677
Reinsurance Expense Premium	96,765	98,519	129,066	118,429	118,429	110,398	113,134	111,965	112,562	111,767	112,931	112,548	1,346,512
Outpatient Hospital	13,495,747	15,812,073	14,996,364	14,993,746	12,540,794	13,499,596	16,572,741	15,115,990	14,853,348	15,182,189	14,401,513	15,305,363	176,969,664
<b>Other Medical</b>													
Ambulance and NEMT	3,214,531	3,869,951	4,117,183	4,046,350	4,886,538	4,694,674	4,700,022	5,617,091	5,700,653	6,236,286	5,995,280	6,074,222	59,152,782
Home Health Services & CBAS	871,583	1,260,395	1,162,579	1,286,263	1,383,467	1,803,391	1,254,827	1,371,979	1,307,115	1,019,232	1,263,781	895,972	14,830,583
Utilization and Quality Review Expenses	778,360	1,419,306	764,904	659,673	1,094,286	1,057,105	1,593,640	1,413,209	1,606,585	2,230,594	1,099,821	327,962	14,046,044
Long Term/SNF/Hospice	8,782,404	11,938,647	10,174,399	11,100,770	11,407,241	11,520,690	10,338,299	11,587,366	11,456,571	10,694,224	12,522,080	8,540,610	130,063,302
Provider Enhancement Expense - Prop. 56	1,440,786	1,520,790	1,530,599	1,504,160	1,337,631	1,569,564	1,493,732	1,487,305	1,498,620	1,492,839	1,501,201	1,500,410	17,877,636
Provider Enhancement Expense - GEMT	697,353	720,314	727,161	758,687	923,611	813,870	1,021,009	374,123	732,408	1,050,507	(1,170,614)	606,199	7,254,629
Enhanced Care Management	3,631,882	3,736,622	3,563,643	3,585,665	3,333,024	3,660,671	3,445,004	3,420,931	5,191,340	3,636,796	3,750,082	4,409,061	45,364,722
Major Organ Transplant	928,363	960,846	962,722	952,357	894,987	1,132,655	795,627	947,331	962,050	961,922	1,071,412	980,471	11,550,643
Cal AIM Incentive Programs	1,210,017	1,499,950	1,042,387	3,055,050	2,549,702	1,503,170	2,048,408	2,646,828	2,919,047	4,113,393	3,813,290	3,494,095	29,895,342
Housing and Homelessness Incentive	516,672	1,955,761	401,264	409,983	271,034	-	-	410,015	200,000	-	-	-	4,164,729
Equity & Practice Transformation Expense	-	-	-	-	-	-	-	-	-	321,366	-	-	321,366
Distinct Part Nursing Facility Expense	-	-	-	-	-	-	-	-	11,102	-	1,316	1,264	14,904
DME/Rebates	1,444,613	2,282,835	1,801,951	1,636,974	1,679,318	1,771,328	1,977,148	1,811,340	1,791,282	1,975,272	1,964,662	2,001,973	22,138,696
<b>Total Other Medical</b>	<b>23,466,463</b>	<b>31,166,022</b>	<b>26,246,792</b>	<b>28,995,931</b>	<b>29,760,839</b>	<b>29,527,118</b>	<b>28,667,716</b>	<b>31,087,518</b>	<b>33,376,773</b>	<b>34,893,013</b>	<b>31,812,311</b>	<b>28,832,240</b>	<b>357,834,737</b>
Pay for Performance Quality Incentive	607,242	620,847	623,885	611,412	608,744	605,543	603,012	603,849	602,934	603,362	604,830	606,660	7,302,318
Risk Corridor Expense	-	-	-	-	-	-	-	-	2,133,095	(1,390,990)	-	430,817	1,172,922
Hospital Directed Payments	24,282,372	24,917,058	25,515,722	24,754,858	22,990,345	25,339,960	24,576,449	24,409,832	24,650,569	24,613,116	24,699,036	24,742,689	295,492,005
Hospital Directed Payment Adjustment	42,165	2,395,027	226,351	134,240	(95,313)	(20,001)	(6,679,802)	5,409	(55,251)	185,219	17,404	(7,417)	(3,851,969)
Non-Claims Expense Adjustment	141,502	115,821	99,211	74,266	(37,068)	(59,595)	1,831	(3,882,116)	(414,162)	(329)	(1,490,761)	1,931	(5,449,472)
IBNR, Incentive, Paid Claims Adjustment	164,572	329,680	128,506	(929,497)	(3,087,868)	(3,427,580)	(2,330,513)	(2,153,708)	(1,847,593)	905,899	277,697	(5,075,723)	(17,046,128)
<b>Total Medical Costs</b>	<b>143,169,973</b>	<b>154,740,825</b>	<b>149,128,998</b>	<b>151,907,335</b>	<b>142,020,725</b>	<b>150,702,934</b>	<b>142,081,895</b>	<b>148,020,355</b>	<b>155,616,313</b>	<b>155,856,455</b>	<b>161,892,084</b>	<b>158,323,708</b>	<b>1,813,461,599</b>

\* MEDICAL COSTS PER DMHC REGULATIONS

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



	January	February	March	April	May	June	July	August	September	October	November	December	Year to Date
<b>Physician Services</b>													
Primary Care Physician Services	16.05	15.85	17.25	20.70	18.87	26.16	11.98	16.44	16.26	14.72	38.04	32.53	20.39
Referral Specialty Services	52.50	55.51	48.83	53.01	52.31	55.82	60.09	60.75	60.17	70.82	48.60	41.52	54.96
Urgent Care & After Hours Advice	5.73	7.68	6.75	6.59	10.03	8.55	8.63	8.56	8.18	20.45	6.76	18.92	9.72
Hospital Admitting Team	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
<b>Total Physician Services</b>	<b>74.31</b>	<b>79.07</b>	<b>72.85</b>	<b>80.33</b>	<b>81.22</b>	<b>90.55</b>	<b>80.72</b>	<b>85.77</b>	<b>84.64</b>	<b>106.01</b>	<b>93.43</b>	<b>92.99</b>	<b>85.10</b>
<b>Other Professional Services</b>													
Vision Service Capitation	0.35	0.72	0.83	0.88	1.00	0.84	0.85	0.85	0.85	0.84	0.85	0.86	0.81
221 - Business Intelligence	0.41	0.37	0.37	0.37	0.39	0.41	0.40	0.43	0.43	0.43	0.50	0.51	0.40
310 - Health Services - Utilization Management	2.11	1.94	1.92	1.99	1.95	1.73	1.74	1.67	1.62	1.74	1.86	2.44	1.89
311 - Health Services - Quality Improvement	0.60	0.58	0.32	0.06	0.48	0.45	0.50	0.54	0.54	0.66	0.59	0.74	0.51
312 - Health Services Education	0.59	0.59	0.59	0.60	0.64	0.65	0.71	0.70	0.75	0.76	0.84	1.03	0.70
313 - Pharmacy	0.29	0.26	0.25	0.25	0.27	0.27	0.26	0.28	0.27	0.29	0.29	0.38	0.28
314 - Enhanced Care Management	0.73	0.71	0.69	0.76	0.78	0.75	0.83	0.86	0.84	0.89	0.92	1.27	0.84
316 - Population Health Management	1.22	1.14	1.18	1.24	1.31	1.16	1.26	1.32	1.27	1.38	1.35	1.88	1.31
317 - In Lieu of Services	0.22	0.20	0.19	0.23	0.26	0.24	0.29	0.30	0.27	0.31	0.32	0.43	0.27
330 - Member Services	2.46	2.39	2.34	2.60	2.75	2.27	2.72	2.63	2.44	2.48	2.40	3.44	2.58
410 - Member Engagement	0.17	0.17	0.15	0.17	0.14	0.13	0.11	0.14	0.12	0.15	0.15	0.15	0.15
601 - Behavioral Health	0.16	0.19	0.25	0.28	0.34	0.33	0.34	0.34	0.33	0.36	0.40	0.54	0.32
602 - Quality & Health Equity	0.19	0.17	0.17	0.18	0.18	0.18	0.17	0.18	0.18	0.17	0.21	0.18	0.18
604 - Clinical Operations, Strategy, and Analytics	0.19	0.17	0.20	0.20	0.20	0.22	0.25	0.28	0.28	0.36	0.32	0.41	0.26
Behavior Health Treatment	8.92	2.54	8.32	3.21	6.41	7.26	6.64	7.15	6.65	8.13	7.13	6.74	6.58
Mental Health Services	3.77	1.50	2.57	2.03	0.97	0.82	0.43	0.86	1.12	(3.68)	1.64	1.04	1.10
Other Professional Services	11.47	12.59	11.60	10.45	4.47	4.72	4.38	4.56	4.32	(23.58)	4.67	4.23	4.54
<b>Total Other Professional Services</b>	<b>33.84</b>	<b>26.25</b>	<b>31.97</b>	<b>25.80</b>	<b>22.75</b>	<b>22.66</b>	<b>22.17</b>	<b>23.17</b>	<b>22.56</b>	<b>(7.96)</b>	<b>24.73</b>	<b>26.73</b>	<b>22.93</b>
Emergency Room	17.06	14.77	15.02	15.42	15.58	16.51	15.83	16.07	15.63	18.84	16.46	14.96	16.01
Inpatient Hospital	74.55	71.46	75.29	82.45	75.66	81.15	81.68	81.49	81.08	84.47	92.20	95.70	81.39
Reinsurance Expense Premium	0.24	0.24	0.31	0.29	0.29	0.27	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Outpatient Hospital	33.34	38.20	36.06	36.78	30.90	33.44	41.22	37.73	36.95	37.74	35.72	38.34	36.37
<b>Other Medical</b>													
Ambulance and NEMT	7.94	9.35	9.90	9.93	12.04	11.63	11.69	14.02	14.18	15.50	14.87	15.02	12.16
Home Health Services & CBAS	2.03	3.05	2.80	3.16	3.41	4.47	3.12	3.42	3.25	2.53	3.13	2.22	3.05
Utilization and Quality Review Expenses	1.92	3.43	1.84	1.62	2.70	2.62	3.96	3.53	4.00	5.55	2.73	0.81	2.89
Long Term/SNF/Hospice	21.69	28.84	24.46	27.23	28.11	28.54	25.72	28.93	28.50	26.59	31.06	21.12	26.73
Provider Enhancement Expense - Prop. 56	3.56	3.67	3.68	3.69	3.30	3.89	3.72	3.71	3.73	3.71	3.72	3.71	3.67
Provider Enhancement Expense - GEMT	1.72	1.74	1.75	1.86	2.28	2.02	2.54	0.93	1.82	2.61	(2.90)	1.50	1.49
Enhanced Care Management	8.97	9.03	8.57	8.80	8.21	9.07	8.57	8.54	12.92	9.04	9.30	10.90	9.32
Major Organ Transplant	2.29	2.32	2.31	2.34	2.21	2.81	1.98	2.36	2.39	2.39	2.66	2.42	2.37
Cal AIM Incentive Programs	2.99	3.62	2.51	7.50	6.28	3.72	5.10	6.61	7.26	10.23	9.46	8.64	6.14
Student Behavioral Health Incentive	-	-	-	-	-	-	-	-	-	2.88	-	-	0.24
Housing and Homelessness Incentive	1.28	4.73	0.96	1.01	0.67	-	-	1.02	0.50	-	-	-	0.86
Equity & Practice Transformation Expense	-	-	-	-	-	-	-	-	-	0.80	-	-	0.07
Distinct Part Nursing Facility Expense	-	-	-	-	-	-	-	-	0.03	0.00	0.00	0.00	0.00
DME/Rebates	3.57	5.52	4.33	4.02	4.14	4.39	4.92	4.52	4.46	4.91	4.87	4.95	0.00
<b>Total Other Medical</b>	<b>57.97</b>	<b>75.30</b>	<b>63.11</b>	<b>71.14</b>	<b>73.33</b>	<b>73.14</b>	<b>71.31</b>	<b>77.60</b>	<b>83.04</b>	<b>86.75</b>	<b>78.90</b>	<b>71.29</b>	<b>68.99</b>
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.51	1.50	1.50	1.50	1.50	-
Risk Corridor Expense	-	-	-	-	-	-	-	-	5.31	(3.46)	-	1.07	1.50
Hospital Directed Payments	59.98	60.20	61.35	60.73	56.65	62.77	61.13	60.94	61.33	61.19	61.25	61.18	0.24
Hospital Directed Payment Adjustment	0.10	5.79	0.54	0.33	(0.23)	(0.05)	(16.62)	0.01	0.46	(0.14)	0.04	(0.02)	60.73
Non-Claims Expense Adjustment	0.35	0.28	0.24	0.18	(0.09)	(0.15)	0.00	(9.69)	(1.03)	(0.00)	(3.70)	0.00	(0.79)
(BMR, Incentive, Paid Claims Adjustment	0.41	0.80	0.31	(2.28)	(7.61)	(8.49)	(5.80)	(5.38)	(4.60)	2.25	0.69	(12.55)	(1.12)
<b>Total Medical Costs</b>	<b>353.65</b>	<b>373.86</b>	<b>358.55</b>	<b>372.68</b>	<b>349.95</b>	<b>373.31</b>	<b>353.43</b>	<b>369.51</b>	<b>387.15</b>	<b>387.47</b>	<b>401.50</b>	<b>391.46</b>	<b>371.62</b>

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

	December	Budget	Variance	Year to Date	Budget	Variance
110 - Executive	750,179	531,130	(219,048)	7,547,381	6,623,564	(923,816)
112 - Government Relations	43,854	47,358	3,504	634,366	568,295	(66,071)
210 - Accounting	612,923	351,597	(261,325)	4,004,668	4,219,168	214,500
220 - Management Information Systems (MIS)	300,585	276,982	(23,602)	4,052,136	3,323,788	(728,348)
221 - Business Intelligence	306,500	202,179	(104,322)	3,290,683	2,426,147	(864,536)
222 - MIS Development	359,025	381,923	22,898	4,255,568	4,583,078	327,511
223 - Enterprise Configuration	290,342	178,406	(111,936)	2,743,173	2,140,868	(602,305)
225 - Infrastructure	1,104,707	859,136	(245,571)	8,968,376	10,309,630	1,341,254
226 - Technical Administrative Services	80,573	220,111	139,539	1,609,098	2,641,338	1,032,240
230 - Claims	1,030,123	795,470	(234,653)	9,512,668	9,545,634	32,967
240 - Project Development	712,426	417,789	(294,636)	4,420,892	5,013,473	592,581
310 - Health Services - Utilization Management	21,645	55,322	33,676	324,359	663,860	339,501
311 - Health Services - Quality Improvement	10,073	45,141	35,068	80,365	541,691	461,326
312 - Health Services - Education	(1,623)	357	1,980	740	4,280	3,540
313 - Pharmacy	10,397	38,333	27,936	138,464	460,000	321,536
314 - Enhanced Care Management	14,277	24,753	10,477	367,162	297,039	(70,123)
316 - Population Health Management	(41,750)	2,975	44,725	(36,108)	35,700	71,807
317 - Community Support Services	1,605	1,625	20	2,416	19,500	17,084
318 - Housing & Homeless Incentive Program (HHIP)	-	-	-	(0)	-	0
319 - CAL AIM Incentive Payment Program (IPP)	-	-	-	12	-	(12)
320 - Provider Network Management	341,333	325,800	(15,532)	3,358,707	3,909,605	550,898
321 - Homeless Management Information Services	(11,963)	896	12,859	(9,456)	10,750	20,206
322 - Delegation & Oversight	76,878	31,116	(45,762)	665,350	373,397	(291,953)
330 - Member Services	324,034	272,551	(51,483)	2,674,167	3,270,614	596,446
331 - Member Outreach	(2,203)	-	2,203	(2,203)	-	2,203
340 - Corporate Services	1,049,260	1,034,659	(14,600)	12,247,458	12,415,912	168,454
360 - Audit & Investigative Services	205,747	241,240	35,493	2,628,621	2,894,880	266,259
410 - Member Engagement	81,231	100,456	19,225	818,319	1,205,471	387,152
420 - Sales/Marketing/Public Relations	288,729	270,104	(18,626)	3,194,723	3,241,245	46,522
510 - Human Resources	436,259	464,570	28,311	5,414,342	5,574,841	160,499
520 - Legal	3,770	-	(3,770)	3,770	-	(3,770)
601 - Behavioral Health	136	1,779	1,643	28,634	21,350	(7,284)
602 - Quality & Health Equity	54,092	40,769	(13,323)	391,380	489,227	97,848
604 - Clinical Operations, Strategy & Analytics	(1,043)	479	1,522	(1,043)	5,750	6,793
605 - Quality Performance	395,938	305,117	(90,821)	3,477,964	3,661,408	183,443
Administrative Expense Adjustment	1,233,038	(43,839)	(1,276,877)	1,347,818	(526,074)	(1,873,891)
Total Administrative Expenses	10,081,094	7,476,286	(2,604,808)	88,154,968	89,965,427	1,810,459



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

	January	February	March	April	May	June	July	August	September	October	November	December	YTD TOTALS
110 - Executive	624,355	577,007	603,344	648,716	539,284	580,943	711,301	798,056	453,299	587,079	673,817	750,179	7,547,381
112 - Government Relations	68,770	45,458	47,484	87,379	45,680	47,575	47,612	49,875	40,735	50,819	59,127	43,854	634,366
210 - Accounting	304,846	303,886	292,257	252,083	318,893	293,744	282,315	313,691	446,987	225,507	357,538	612,923	4,004,668
220 - Management Information Systems (MIS)	391,965	262,588	237,010	146,132	253,670	336,226	372,267	488,182	436,888	429,044	397,578	300,585	4,052,136
221 - Business Intelligence	269,666	199,076	187,188	165,837	228,645	197,729	360,364	474,405	227,722	325,055	348,494	306,500	3,290,683
222 - MIS Development	377,641	315,894	321,173	281,395	395,954	355,456	337,554	358,888	351,618	369,822	431,148	359,025	4,255,568
223 - Enterprise Configuration	174,793	155,969	171,033	161,377	180,934	136,019	266,274	408,183	263,228	252,129	282,892	290,342	2,743,173
225 - Infrastructure	617,597	874,756	639,101	642,546	760,253	834,263	815,160	608,118	702,793	710,147	658,937	1,104,707	8,968,376
226 - Technical Administrative Services	49,489	108,635	117,698	325,913	126,222	172,900	180,639	205,076	91,727	98,706	51,522	80,573	1,609,098
230 - Claims	819,584	766,126	717,167	701,834	775,174	698,241	869,709	769,883	731,866	845,900	787,061	1,030,123	9,512,668
240 - Project Development	347,377	265,411	322,425	313,084	371,811	303,949	348,056	381,627	313,617	395,729	345,380	712,426	4,420,892
310 - Health Services - Utilization Management	30,997	29,562	29,327	29,768	28,807	26,129	25,555	24,524	24,076	25,962	28,006	21,645	324,359
311 - Health Services - Quality Improvement	8,514	7,726	4,159	858	6,234	5,820	7,001	6,963	6,951	9,146	6,921	10,073	80,365
312 - Health Services - Education	341	138	436	581	-	-	243	137	-	45	444	(1,623)	740
313 - Pharmacy	21,270	10,500	10,861	10,822	10,500	10,500	10,500	10,500	10,500	10,932	11,182	10,397	138,464
314 - Enhanced Care Management	44,036	43,641	48,782	54,522	24,778	55,043	25,259	6,064	16,154	17,501	17,106	14,277	367,162
316 - Population Health Management	656	700	1,145	-	-	999	-	-	1,121	962	60	(41,750)	(36,108)
317 - Community Support Services	34	-	280	25	-	94	-	224	78	77	-	1,605	2,416
318 - Housing & Homeless Incentive Program (HHIP)	3	12	(16)	1	-	-	-	-	-	-	-	-	(0)
319 - CAL AIM Incentive Payment Program (IPP)	22,503	12,348	2,057	(36,908)	-	0	-	-	-	-	12	-	12
320 - Provider Network Management	386,421	336,270	234,388	95,804	284,140	250,781	276,996	260,789	267,867	321,249	302,668	341,333	3,358,707
322 - Delegation & Oversight	21,948	20,301	29,846	95,971	39,170	37,054	52,664	68,721	67,406	72,728	82,665	76,878	665,350
330 - Member Services	667,205	268,918	162,283	166,335	135,344	143,090	159,911	143,624	133,829	204,775	164,820	324,034	2,674,167
340 - Corporate Services	1,024,905	966,025	929,506	977,234	1,148,873	959,922	1,002,122	960,105	1,185,328	1,029,693	1,014,486	1,049,260	12,247,458
360 - Audit & Investigative Services	195,508	186,054	187,655	202,574	244,557	223,461	226,650	212,147	204,729	295,722	243,819	205,747	2,628,621
410 - Member Engagement	76,778	80,429	69,534	82,742	63,776	65,519	52,063	63,155	47,464	70,643	64,986	81,231	818,319
420 - Sales/Marketing/Public Relations	177,987	306,155	176,484	267,848	246,762	228,632	593,890	194,985	217,603	284,138	211,510	288,729	3,194,723
510 - Human Resources	447,072	430,722	409,608	641,247	485,837	462,781	389,991	466,695	398,713	467,583	377,835	436,259	5,414,342
520 - Legal	-	-	-	-	-	-	-	-	-	-	-	-	3,770
601 - Behavioral Health	43	-	167	22,281	63	-	57	5,616	-	272	-	136	28,634
602 - Quality & Health Equity	40,103	59,304	81,243	(38,694)	14,311	59,557	8,554	11,040	62,219	29,420	10,230	54,092	391,380
604 - Clinical Operations, Strategy & Analytics	-	-	-	-	-	-	-	-	-	-	-	(1,043)	(1,043)
605 - Quality Performance	143,642	106,967	277,993	525,434	282,798	261,599	282,161	297,054	280,925	304,693	318,760	395,938	3,477,964
Administrative Expense Adjustment	258,024	(160,374)	(712)	(28,014)	2,765	47,630	-	(2,444)	135	-	(2,230)	1,233,038	1,347,818
Total Administrative Expenses	7,614,072	6,580,201	6,310,903	6,796,727	7,015,235	6,795,655	7,704,868	7,587,082	6,985,543	7,435,779	7,247,808	10,081,094	88,154,968



**KHS - GROUP HEALTH PLAN  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2024**

ASSETS	December 2024	November 2024	Increase/ (Decrease)
Cash and Cash Equivalents	1,231,217	1,234,173	(2,956)
Interest Receivable	14,264	9,600	4,664
Other Receivable	125	125	-
<b>Total Current Assets</b>	<b>1,245,606</b>	<b>1,243,898</b>	<b>1,708</b>
<b>CURRENT LIABILITIES</b>			
Other Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>			
Net Position at Beginning of Year	1,183,678	1,183,678	-
Increase (Decrease) in Net Position - Current Year	61,928	60,220	1,708
<b>Total Net Position</b>	<b>1,245,606</b>	<b>1,243,898</b>	<b>1,708</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>1,245,606</b>	<b>1,243,898</b>	<b>1,708</b>



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

	December	Budget	Variance	Year to Date	Budget	Variance
<b>REVENUES</b>						
Premium	-	-	-	-	-	-
Interest	4,664	-	4,664	54,831	-	54,831
Other Investment Income	(2,956)	-	(2,956)	7,097	-	7,097
<b>Total Revenues</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>	<b>61,928</b>	<b>-</b>	<b>61,928</b>
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
IBNR and Paid Claims Adjustment	-	-	-	-	-	-
<b>Total Medical Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GROSS MARGIN</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>	<b>61,928</b>	<b>-</b>	<b>61,928</b>
<b>ADMINISTRATIVE COSTS</b>						
Management Fee Expense and Other Admin Exp	-	-	-	-	-	-
<b>Total Administrative Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>	<b>61,928</b>	<b>-</b>	<b>61,928</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
<b>Total Non-Operating Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>	<b>61,928</b>	<b>-</b>	<b>61,928</b>
<b>MEDICAL LOSS RATIO</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

2024 MEMBER MONTHS													
MEDI-CAL		JAN'24	FEB'24	MAR'24	APR'24	MAY'24	JUN'24	JUL'24	AUG'24	SEP'24	OCT'24	NOV'24	DEC'24
ADULT AND FAMILY													
ADULT (SEE COMMENT)	889,287	73,352	78,663	78,717	63,272	74,432	74,454	74,349	74,525	74,469	74,571	74,017	74,466
CHILD	2,032,871	169,496	168,966	173,240	181,718	169,847	169,044	168,098	165,943	166,556	166,430	166,688	166,845
SUB-TOTAL ADULT & FAMILY	2,922,158	242,848	247,629	251,957	244,990	244,279	243,498	242,447	240,468	241,025	241,001	240,705	241,311
OTHER MEMBERS													
PARTIAL DUALS - FAMILY	7,575	774	770	790	694	629	601	551	588	581	526	522	549
PARTIAL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0
PARTIAL DUALS - BCCTP	46	6	5	5	3	5	4	7	1	3	2	2	3
BCCTP - TABACCO SETTLEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
FULL DUALS (SPD)													
SPD FULL DUALS	276,476	21,544	22,475	22,251	22,380	22,903	22,959	23,243	23,651	23,555	23,576	23,833	24,106
SUBTOTAL OTHER MEMBERS	284,097	22,324	23,250	23,046	23,077	23,537	23,564	23,801	24,240	24,139	24,104	24,357	24,658
TOTAL FAMILY & OTHER	3,206,255	265,172	270,879	275,003	268,067	267,816	267,062	266,248	264,708	265,164	265,105	265,062	265,969
SDP MEMBERS													
SPD (AGED AND DISABLED)	274,601	21,942	23,209	22,608	22,438	22,326	22,645	22,649	23,823	23,131	23,202	23,252	23,376
TOTAL CLASSIC MEMBERS	3,480,856	287,114	294,088	297,611	290,505	290,142	289,707	288,897	288,531	288,295	288,307	288,314	289,345
ACA OE - MEDI-CAL OPTIONAL EXPANSION													
ACA Expansion Adult-Citizen	1,370,259	115,850	117,787	116,589	115,661	114,198	112,827	112,212	111,077	112,749	113,034	114,044	114,231
EXPANSION DUALS	8,951	1,382	1,517	1,226	944	972	634	378	458	389	370	340	341
TOTAL ACA OE	1,379,210	117,232	119,304	117,815	116,605	115,170	113,461	112,590	111,535	113,138	113,404	114,384	114,572
LONG TERM CARE (LTC)													
LTC	598	38	49	47	46	53	57	52	55	57	50	39	55
LTC DUALS	5,577	451	457	450	452	464	470	469	467	466	480	483	468
TOTAL LTC	6,175	489	506	497	498	517	527	521	522	523	530	522	523
GRAND TOTAL	4,866,241	404,835	413,898	415,923	407,608	405,829	403,695	402,008	400,588	401,956	402,241	403,220	404,440



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**MEMORANDUM**

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** January 2025 Financial Results  
**DATE:** April 11, 2025

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The January results reflect a \$.1 million Net Increase in Net Position which is a \$2.1 million unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$137.1 million favorable variance primarily due to:
  - A) \$1.6 million unfavorable variance in SPD Premium Revenues primarily due to California becoming a Medicare Part A Buy-In State effective January 1, 2025. Qualifying Medi-Cal members, who are enrolled in Medicare Part B only, were automatically enrolled into Medicare Part A Buy-In by the Department of Health Care Services (“DHCS”). The rate received for members who have Part A and Part B (\$488 pmpm) is less than the rate for members who have Part B only (\$1,130 pmpm), however, Medicare will now become primary for medical expenses associated with the members having both Part A and Part B.
  - B) \$35.5 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2025 offset against amounts included in 2B below.
  - C) \$103.1 million favorable variance in Rate Adjustments - Hospital Directed Payments primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2024 offset against amounts included in 2C below.
- 2) Total Medical Costs reflect a \$141.1 million unfavorable variance primarily due to:
  - A) \$1.3 million unfavorable variance in Other Medical primarily due to higher-than-expected utilization of Non-emergency Medical Transportation (“NEMT”) services by our members.
  - B) \$35.5 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2025 offset against amounts included in 1B above.
  - C) \$103.1 million unfavorable variance in Hospital Directed Payment Adjustment primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2024 offset against amounts included in 1C above.

The January Medical Loss Ratio is 94.2% which is unfavorable to the 91.8% budgeted amount. The January Administrative Expense Ratio is 5.3% which is favorable to the 5.8% budgeted amount.





**Financial Packet  
January 2025**

**KHS – Medi-Cal Line of Business**

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**KHS Group Health Plan – Healthy Families Line of Business**

Comparative Statement of Net Position	Page 16
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**KHS Administrative Analysis and Other Reporting**

Monthly Member Count	Page 18
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**MEDI-CAL  
STATEMENT OF NET POSITION  
AS OF JANUARY 31, 2025**



ASSETS	January	December	Increase/ (Decrease)
Cash and Cash Equivalents	278,027,418	373,410,870	(95,383,453)
Short-Term Investments	232,603,895	247,563,428	(14,959,532)
Premiums Receivable	107,011,488	94,538,232	12,473,256
Premiums Receivable - MCO Tax	237,793,180	220,308,074	17,485,106
Premiums Receivable - Hospital Directed Payments	718,681,637	555,715,451	162,966,186
Interest Receivable	59,709	176,203	(116,494)
Provider Advance Payment	163,740	164,826	(1,086)
Other Receivables	2,087,139	2,268,069	(180,930)
Prepaid Expenses & Other Current Assets	10,049,396	8,059,338	1,990,059
<b>Total Current Assets</b>	<b>1,586,477,603</b>	<b>1,502,204,491</b>	<b>84,273,112</b>
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,170,544	1,198,965	(28,421)
Computer Equipment - Net	19,230,067	19,936,024	(705,956)
Building and Improvements - Net	32,990,534	33,068,590	(78,056)
Capital Projects In Process	968,826	961,113	7,714
<b>Total Capital Assets</b>	<b>58,450,678</b>	<b>59,255,398</b>	<b>(804,719)</b>
Restricted Assets	300,000	300,000	-
Life Insurance Receivables	4,097,061	1,697,061	2,400,000
SBITA Asset	8,875,096	8,875,096	-
<b>Total Long-Term Assets</b>	<b>13,272,157</b>	<b>10,872,157</b>	<b>2,400,000</b>
Deferred Outflow of Resources	6,846,742	6,846,742	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,665,047,180</b>	<b>1,579,178,788</b>	<b>85,868,392</b>
<b>CURRENT LIABILITIES</b>			
Accrued Salaries and Benefits	9,239,642	7,409,952	1,829,691
Accrued Other Operating Expenses	6,084,680	7,098,000	(1,013,320)
MCO Tax Payable	314,015,919	369,406,327	(55,390,408)
Claims Payable (Reported)	21,412,078	28,423,171	(7,011,093)
IBNR - Inpatient Claims	72,565,839	88,377,546	(15,811,707)
IBNR - Physician Claims	26,784,933	22,243,104	4,541,828
IBNR - Accrued Other Medical	33,256,833	36,014,471	(2,757,638)
Risk Pool and Withholds Payable	7,628,037	7,021,376	606,662
Allowance for Claims Processing Expense	4,779,517	4,779,517	-
Other Liabilities	95,220,144	97,589,870	(2,369,726)
SBITA Liability – Current portion	2,217,189	2,217,189	-
Accrued Hospital Directed Payments	720,182,631	557,216,591	162,966,039
<b>Total Current Liabilities</b>	<b>1,313,387,443</b>	<b>1,227,797,115</b>	<b>85,590,328</b>
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	12,401,788	12,251,788	150,000
SBITA Liability, net of current portion	5,491,541	5,491,541	-
<b>Total NonCurrent Liabilities</b>	<b>17,893,329</b>	<b>17,743,329</b>	<b>150,000</b>
Deferred Inflow of Resources	70,705	70,705	-
<b>NET POSITION:</b>			
Net Position at Beginning of Year	333,567,639	380,188,379	(46,620,740)
Increase (Decrease) in Net Position - Current Year	128,064	(46,620,740)	46,748,804
<b>Total Net Position</b>	<b>333,695,702</b>	<b>333,567,639</b>	<b>128,064</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>1,665,047,180</b>	<b>1,579,178,788</b>	<b>85,868,392</b>



**MEDI-CAL - ALL COA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**FOR THE MONTH ENDED JANUARY 31, 2025**

	January	Budget	Variance	Year to Date	Budget	Variance
Family Members	242,422	243,000	(578)	242,422	243,000	(578)
Expansion Members	114,640	113,000	1,640	114,640	113,000	1,640
SPD Members	47,379	47,000	379	47,379	47,000	379
<b>Total Members - MCAL</b>	<b>404,441</b>	<b>403,000</b>	<b>1,441</b>	<b>404,441</b>	<b>403,000</b>	<b>1,441</b>
<b>REVENUES</b>						
Medicaid - Family and Other	54,779,472	54,840,976	(61,504)	54,779,472	54,840,976	(61,504)
Medicaid - Expansion Members	48,572,760	47,912,766	659,994	48,572,760	47,912,766	659,994
Medicaid - SPD Members	38,799,459	40,402,462	(1,603,003)	38,799,459	40,402,462	(1,603,003)
Medicaid - LTC Members	-	-	-	-	-	-
Premium - MCO Tax	59,136,301	59,639,970	(503,669)	59,136,301	59,639,970	(503,669)
Premium - Hospital Directed Payments	59,831,392	24,307,910	35,523,482	59,831,392	24,307,910	35,523,482
Investment Earnings And Other Income	1,729,314	1,991,718	(262,403)	1,729,314	1,991,718	(262,403)
Reinsurance Recoveries	-	273,046	(273,046)	-	273,046	(273,046)
Rate Adjustments - Hospital Directed Payments	103,134,648	-	103,134,648	103,134,648	-	103,134,648
Rate/Income Adjustments	520,492	-	520,492	520,492	-	520,492
<b>Total Revenues</b>	<b>366,503,837</b>	<b>229,368,848</b>	<b>137,134,989</b>	<b>366,503,837</b>	<b>229,368,848</b>	<b>137,134,989</b>
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	36,132,491	36,705,204	572,714	36,132,491	36,705,204	572,714
Other Professional Services	11,445,798	10,830,950	(614,849)	11,445,798	10,830,950	(614,849)
Emergency Room	7,289,728	6,778,581	(511,147)	7,289,728	6,778,581	(511,147)
Inpatient	33,857,875	33,932,293	74,418	33,857,875	33,932,293	74,418
Reinsurance Expense	269,619	273,046	3,427	269,619	273,046	3,427
Outpatient Hospital	16,019,765	15,406,417	(613,348)	16,019,765	15,406,417	(613,348)
Other Medical	30,295,617	28,995,240	(1,300,377)	30,295,617	28,995,240	(1,300,377)
Pay for Performance Quality Incentive	606,662	604,508	(2,153)	606,662	604,508	(2,153)
Risk Corridor Expense	-	-	-	-	-	-
Hospital Directed Payments	59,831,392	24,307,910	(35,523,482)	59,831,392	24,307,910	(35,523,482)
Hospital Directed Payment Adjustment	103,134,648	-	(103,134,648)	103,134,648	-	(103,134,648)
Non-Claims Expense Adjustment	15,749	-	(15,749)	15,749	-	(15,749)
IBNR, Incentive, Paid Claims Adjustment	22,696	-	(22,696)	22,696	-	(22,696)
<b>Total Medical Costs</b>	<b>298,922,038</b>	<b>157,834,150</b>	<b>(141,087,888)</b>	<b>298,922,038</b>	<b>157,834,150</b>	<b>(141,087,888)</b>
<b>GROSS MARGIN</b>	<b>67,581,799</b>	<b>71,534,698</b>	<b>(3,952,899)</b>	<b>67,581,799</b>	<b>71,534,698</b>	<b>(3,952,899)</b>
<b>ADMINISTRATIVE COSTS</b>						
Compensation	4,200,484	4,223,117	22,633	4,200,484	4,223,117	22,633
Purchased Services	1,498,800	2,343,143	844,343	1,498,800	2,343,143	844,343
Supplies	95,074	244,079	149,005	95,074	244,079	149,005
Depreciation	812,433	766,752	(45,681)	812,433	766,752	(45,681)
Other Administrative Expenses	883,740	672,406	(211,334)	883,740	672,406	(211,334)
Administrative Expense Adjustment	202,969	200,000	(2,969)	202,969	200,000	(2,969)
<b>Total Administrative Expenses</b>	<b>7,693,499</b>	<b>8,449,496</b>	<b>755,997</b>	<b>7,693,499</b>	<b>8,449,496</b>	<b>755,997</b>
<b>TOTAL EXPENSES</b>	<b>306,615,537</b>	<b>166,283,646</b>	<b>(140,331,891)</b>	<b>306,615,537</b>	<b>166,283,646</b>	<b>(140,331,891)</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>59,888,301</b>	<b>63,085,202</b>	<b>(3,196,902)</b>	<b>59,888,301</b>	<b>63,085,202</b>	<b>(3,196,902)</b>
<b>MCO TAX</b>	<b>59,136,301</b>	<b>59,639,970</b>	<b>503,669</b>	<b>59,136,301</b>	<b>59,639,970</b>	<b>503,669</b>
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>751,999</b>	<b>3,445,232</b>	<b>(2,693,233)</b>	<b>751,999</b>	<b>3,445,232</b>	<b>(2,693,233)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(387,871)	(829,736)	441,865	(387,871)	(829,736)	441,865
D-SNP Expenses	(236,065)	(398,710)	162,646	(236,065)	(398,710)	162,646
<b>Total Non-Operating Revenue (Expense)</b>	<b>(623,936)</b>	<b>(1,228,446)</b>	<b>604,511</b>	<b>(623,936)</b>	<b>(1,228,446)</b>	<b>604,511</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>128,064</b>	<b>2,216,786</b>	<b>(2,088,722)</b>	<b>128,064</b>	<b>2,216,786</b>	<b>(2,088,722)</b>
<b>MEDICAL LOSS RATIO</b>	<b>94.2%</b>	<b>91.8%</b>	<b>-2.3%</b>	<b>94.2%</b>	<b>91.8%</b>	<b>-2.3%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>5.3%</b>	<b>5.8%</b>	<b>0.5%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>0.5%</b>

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION  
FOR THE MONTH ENDED JANUARY 31, 2025



	January	Budget	Variance	Year to Date	Budget	Variance
Family Members	242,422	243,000	(578)	242,422	243,000	(578)
Expansion Members	114,640	113,000	1,640	114,640	113,000	1,640
SPD Members	47,379	47,000	379	47,379	47,000	379
Total Members - MCAL	404,441	403,000	1,441	404,441	403,000	1,441
<b>REVENUES</b>						
Medicaid - Family and Other	225.97	225.68	0.28	225.97	225.68	0.28
Medicaid - Expansion Members	423.70	424.01	(0.31)	423.70	424.01	(0.31)
Medicaid - SPD Members	818.92	859.63	(40.71)	818.92	859.63	(40.71)
Medicaid - LTC Members	-	-	-	-	-	-
Premium - MCO Tax	146.22	147.99	(1.77)	146.22	147.99	(1.77)
Premium - Hospital Directed Payments	147.94	60.32	87.62	147.94	60.32	87.62
Investment Earnings And Other Income	4.28	4.94	(0.67)	4.28	4.94	(0.67)
Reinsurance Recoveries	-	0.68	(0.68)	-	0.68	(0.68)
Rate Adjustments - Hospital Directed Payments	255.01	-	255.01	255.01	-	255.01
Rate/Income Adjustments	1.29	-	1.29	1.29	-	1.29
Total Revenues	906.20	569.15	337.05	906.20	569.15	337.05
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	89.34	91.08	1.74	89.34	91.08	1.74
Other Professional Services	28.30	26.88	(1.42)	28.30	26.88	(1.42)
Emergency Room	18.02	16.82	(1.20)	18.02	16.82	(1.20)
Inpatient	83.72	84.20	0.48	83.72	84.20	0.48
Reinsurance Expense	0.67	0.68	0.01	0.67	0.68	0.01
Outpatient Hospital	39.61	38.23	(1.38)	39.61	38.23	(1.38)
Other Medical	74.91	71.95	(2.96)	74.91	71.95	(2.96)
Pay for Performance Quality Incentive	1.50	1.50	0.00	1.50	1.50	0.00
Hospital Directed Payments	147.94	60.32	(87.62)	147.94	60.32	(87.62)
Hospital Directed Payment Adjustment	255.01	-	(255.01)	255.01	-	(255.01)
Non-Claims Expense Adjustment	0.04	-	(0.04)	0.04	-	(0.04)
IBNR, Incentive, Paid Claims Adjustment	0.06	-	(0.06)	0.06	-	(0.06)
Total Medical Costs	739.10	391.65	(347.45)	739.10	391.65	(347.45)
GROSS MARGIN	167.10	177.51	(10.41)	167.10	177.51	(10.41)
<b>ADMINISTRATIVE COSTS</b>						
Compensation	10.39	10.48	0.09	10.39	10.48	0.09
Purchased Services	3.71	5.81	2.11	3.71	5.81	2.11
Supplies	0.24	0.61	0.37	0.24	0.61	0.37
Depreciation	2.01	1.90	(0.11)	2.01	1.90	(0.11)
Other Administrative Expenses	2.19	1.67	(0.52)	2.19	1.67	(0.52)
Administrative Expense Adjustment	0.50	0.50	(0.01)	0.50	0.50	(0.01)
Total Administrative Expenses	19.02	20.97	1.94	19.02	20.97	1.94
TOTAL EXPENSES	758.12	412.61	(345.51)	758.12	412.61	(345.51)
OPERATING INCOME (LOSS) BEFORE TAX	148.08	156.54	(8.46)	148.08	156.54	(8.46)
MCO TAX	146.22	147.99	1.77	146.22	147.99	1.77
OPERATING INCOME (LOSS) NET OF TAX	1.86	8.55	(6.69)	1.86	8.55	(6.69)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(0.58)	(2.06)	1.48	(0.58)	(2.06)	1.48
D-SNP Expenses	(0.96)	(0.99)	0.03	(0.96)	(0.99)	0.03
Total Non-Operating Revenue (Expense)	(1.54)	(3.05)	1.51	(1.54)	(3.05)	1.51
NET INCREASE (DECREASE) IN NET POSITION	0.32	5.50	(5.18)	0.32	5.50	(5.18)
MEDICAL LOSS RATIO	94.2%	91.8%	-2.3%	94.2%	91.8%	-2.3%
ADMINISTRATIVE EXPENSE RATIO	5.3%	5.8%	0.5%	5.3%	5.8%	0.5%



MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY QUARTER  
ROLLING 4 QUARTERS  
FOR THE MONTH ENDED JANUARY 31, 2025

	2024 - Q1	2024 - Q2	2024 - Q3	2024 - Q4	Rolling 4-Quarter Totals	CURRENT QUARTER 2025 - Q1
Total Members - MCAL	1,234,656	1,217,132	1,204,552	1,209,901	4,866,241	404,441
<b>REVENUES</b>						
Medicaid - Family and Other	163,114,742	168,098,248	157,352,051	181,853,744	670,418,785	54,779,472
Medicaid - Expansion Members	142,141,972	141,387,639	115,764,407	146,690,508	545,984,526	48,572,760
Medicaid - SPD Members	70,643,949	72,382,078	63,945,176	72,615,432	279,586,636	38,799,459
Medicaid - LTC Members	12,120,676	12,644,500	12,158,979	12,679,447	49,603,603	-
Premium - MCO Tax	118,164,689	118,164,689	304,000,610	169,305,625	709,635,614	59,136,301
Premium - Hospital Directed Payments	74,715,152	73,085,162	73,636,849	74,054,842	295,492,005	59,831,392
Investment Earnings And Other Income	6,526,452	7,627,603	10,624,397	6,363,381	31,141,833	1,729,314
Reinsurance Recoveries	-	-	-	-	-	-
Rate Adjustments - Hospital Directed Payments	2,628,208	(467,208)	(8,849,506)	(45,264)	(6,733,769)	103,134,648
Rate/Income Adjustments	3,361,928	(5,047,999)	2,310,217	29,220	653,492	520,492
Total Revenues	593,417,768	587,874,713	730,943,182	663,546,935	2,575,782,598	366,503,837
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	93,110,533	102,259,757	100,828,569	117,920,414	414,119,273	36,132,491
Other Professional Services	37,861,872	28,897,182	27,259,189	17,579,841	111,598,083	11,445,798
Emergency Room	19,266,762	19,274,640	19,085,229	20,264,346	77,890,977	7,289,728
Inpatient	91,080,658	97,071,689	98,069,526	109,860,804	396,082,677	33,857,875
Reinsurance Expense	324,349	347,257	337,661	337,245	1,346,512	269,619
Outpatient Hospital	44,304,385	41,034,136	46,542,079	45,089,064	176,969,664	16,019,765
Other Medical	80,881,278	88,283,888	93,132,007	95,537,563	357,834,737	30,295,617
Pay for Performance Quality Incentive	1,851,974	1,825,698	1,809,795	1,814,852	7,302,318	606,662
Risk Corridor Expense	-	-	2,133,095	(960,173)	1,172,922	-
Hospital Directed Payments	74,715,152	73,085,162	73,636,849	74,054,842	295,492,005	59,831,392
Hospital Directed Payment Adjustment	2,663,543	18,927	(6,489,175)	(45,264)	(3,851,969)	103,134,648
Non-Claims Expense Adjustment	356,533	(22,398)	(4,294,448)	(1,489,159)	(5,449,472)	15,749
IBNR, Incentive, Paid Claims Adjustment	622,759	(7,444,944)	(6,331,814)	(3,892,128)	(17,046,128)	22,696
Total Medical Costs	447,039,796	444,630,994	445,718,563	476,072,247	1,813,461,599	298,922,038
GROSS MARGIN	146,377,973	143,243,720	285,224,619	187,474,687	762,320,998	67,581,799
<b>ADMINISTRATIVE COSTS</b>						
Compensation	10,509,085	10,907,085	11,047,726	12,349,629	44,813,525	4,200,484
Purchased Services	5,448,763	5,076,649	6,652,421	6,570,351	23,748,184	1,498,800
Supplies	764,751	722,573	707,109	693,365	2,887,797	95,074
Depreciation	2,040,936	2,164,109	2,283,774	2,071,812	8,560,631	812,433
Other Administrative Expenses	1,644,704	1,714,820	1,588,772	1,848,717	6,797,014	883,740
Administrative Expense Adjustment	96,938	22,381	(2,309)	1,230,808	1,347,818	202,969
Total Administrative Expenses	20,505,176	20,607,617	22,277,493	24,764,681	88,154,968	7,693,499
TOTAL EXPENSES	467,544,972	465,238,611	467,996,056	500,836,928	1,901,616,568	306,615,537
OPERATING INCOME (LOSS) BEFORE TAX	125,872,796	122,636,102	262,947,125	162,710,007	674,166,030	59,888,301
MCO TAX	118,164,689	118,164,689	304,000,610	169,305,625	709,635,614	59,136,301
OPERATING INCOME (LOSS) NET OF TAX	7,708,107	4,471,413	(41,053,485)	(6,595,619)	(35,469,584)	751,999
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(2,207,215)	(3,489,571)	(1,249,113)	(4,205,257)	(11,151,156)	(623,936)
NET INCREASE (DECREASE) IN NET POSITION	5,500,891	981,842	(42,302,598)	(10,800,875)	(46,620,740)	128,064
MEDICAL LOSS RATIO	92.9%	93.6%	104.5%	95.7%	96.5%	94.2%
ADMINISTRATIVE EXPENSE RATIO	5.2%	5.2%	6.2%	5.9%	5.6%	5.3%

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY QUARTER  
ROLLING 4 QUARTERS PMPM  
FOR THE MONTH ENDED JANUARY 31, 2025



	2024 - Q1	2024 - Q2	2024 - Q3	2024 - Q4	Rolling Quarter Totals	CURRENT QUARTER 2025 - Q1
Total Members - MCAL	1,234,656	1,217,132	1,204,552	1,209,901	4,866,241	404,441
<b>REVENUES</b>						
Medicaid - Family and Other	201.11	209.43	197.65	228.42	209.12	225.97
Medicaid - Expansion Members	401.13	409.54	343.25	428.47	395.87	423.70
Medicaid - SPD Members	1,042.58	1,068.92	918.71	1,039.89	1,017.02	818.92
Medicaid - LTC Members	8,123.78	8,200.06	7,764.35	8,050.44	8,032.97	-
Premium - MCO Tax	95.71	97.08	252.38	139.93	145.83	146.22
Premium - Hospital Directed Payments	60.51	60.05	61.13	61.21	60.72	147.94
Investment Earnings And Other Income	5.29	6.27	8.82	5.26	6.40	4.28
Rate Adjustments - Hospital Directed Payments	2.13	(0.38)	(7.35)	(0.04)	(1.38)	255.01
Rate/Income Adjustments	2.72	(4.15)	1.92	0.02	0.13	1.29
Total Revenues	480.63	483.00	606.82	548.43	529.32	906.20
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	75.41	84.02	83.71	97.46	85.10	89.34
Other Professional Services	30.67	23.74	22.63	14.53	22.93	28.30
Emergency Room	15.60	15.84	15.84	16.75	16.01	18.02
Inpatient	73.77	79.75	81.42	90.80	81.39	83.72
Reinsurance Expense	0.26	0.29	0.28	0.28	0.28	0.67
Outpatient Hospital	35.88	33.71	38.64	37.27	36.37	39.61
Other Medical	65.51	72.53	77.32	78.96	73.53	74.91
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.50
Hospital Directed Payments	60.51	60.05	61.13	61.21	60.72	147.94
Hospital Directed Payment Adjustment	2.16	0.02	(5.39)	(0.04)	(0.79)	255.01
Non-Claims Expense Adjustment	0.29	(0.02)	(3.57)	(1.23)	(1.12)	0.04
IBNR, Incentive, Paid Claims Adjustment	0.50	(6.12)	(5.26)	(3.22)	(3.50)	0.06
Total Medical Costs	362.08	365.31	370.03	393.48	372.66	739.10
GROSS MARGIN	118.56	117.69	236.79	154.95	156.66	167.10
<b>ADMINISTRATIVE COSTS</b>						
Compensation	8.51	8.96	9.17	10.21	9.21	10.39
Purchased Services	4.41	4.17	5.52	5.43	4.88	3.71
Supplies	0.62	0.59	0.59	0.57	0.59	0.24
Depreciation	1.65	1.78	1.90	1.71	1.76	2.01
Other Administrative Expenses	1.33	1.41	1.32	1.53	1.40	2.19
Administrative Expense Adjustment	0.08	0.02	(0.00)	1.02	0.28	0.50
Total Administrative Expenses	16.61	16.93	18.49	20.47	18.12	19.02
TOTAL EXPENSES	378.68	382.24	388.52	413.95	390.78	758.12
OPERATING INCOME (LOSS) BEFORE TAX	101.95	100.76	218.29	134.48	138.54	148.08
MCO TAX	95.71	97.08	252.38	139.93	145.83	146.22
OPERATING INCOME (LOSS) NET OF TAX	6.24	3.67	(34.08)	(5.45)	(7.29)	1.86
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(1.79)	(2.87)	(1.04)	(3.48)	(2.29)	(1.54)
NET INCREASE (DECREASE) IN NET POSITION	4.46	0.81	(35.12)	(8.93)	(9.58)	0.32
MEDICAL LOSS RATIO	92.9%	93.6%	104.5%	95.7%	96.5%	94.2%
ADMINISTRATIVE EXPENSE RATIO	5.2%	5.2%	6.2%	5.9%	5.6%	5.3%



MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
ROLLING 6 MONTHS  
FOR THE MONTH ENDED JANUARY 31, 2025

	JULY 2024	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	DECEMBER 2024	Prior 6 Month YTD	JANUARY 2025
Total Members - MCAL	402,008	400,588	401,956	402,241	403,549	404,440	2,414,782	404,441
REVENUES								
Medicaid - Family and Other	54,814,574	55,394,125	47,143,352	55,766,852	62,628,897	63,457,995	339,205,795	54,779,472
Medicaid - Expansion Members	45,242,639	44,943,353	25,578,416	44,274,896	47,452,486	54,963,125	262,454,915	48,572,760
Medicaid - SPD Members	24,362,723	24,068,270	15,514,183	23,582,809	24,507,942	24,524,681	136,560,608	38,799,459
Medicaid - LTC Members	4,316,218	4,169,310	3,673,451	4,161,018	4,337,441	4,180,989	24,838,426	-
Premium - MCO Tax	39,388,230	39,388,230	225,224,150	59,470,965	59,673,120	50,161,540	473,306,235	59,136,301
Premium - Hospital Directed Payments	24,576,449	24,409,832	24,650,569	24,613,116	24,699,036	24,742,689	147,691,691	59,831,392
Investment Earnings And Other Income	3,396,336	3,597,586	3,630,475	2,035,919	2,147,703	2,179,759	16,987,778	1,729,314
Reinsurance Recoveries	-	-	-	-	-	-	-	-
Rate Adjustments - Hospital Directed Payments	(6,686,334)	5,409	(2,168,580)	(55,251)	17,404	(7,417)	(8,894,770)	103,134,648
Rate/Income Adjustments	594,484	117,732	1,598,001	102,639	239,543	(312,962)	2,339,438	520,492
Total Revenues	190,005,318	196,093,846	344,844,017	213,952,963	225,703,571	223,890,400	1,394,490,116	366,503,837
EXPENSES								
MEDICAL COSTS								
Physician Services	32,448,391	34,358,210	34,021,968	42,641,203	37,671,697	37,607,514	218,748,983	36,132,491
Other Professional Services	8,910,610	9,280,419	9,068,160	(3,203,582)	9,971,766	10,811,656	44,839,030	11,445,798
Emergency Room	6,362,602	6,439,132	6,283,494	7,576,830	6,638,555	6,048,961	39,349,575	7,289,728
Inpatient	32,835,724	32,643,856	32,589,946	33,979,229	37,175,106	38,706,469	207,930,330	33,857,875
Reinsurance Expense	113,134	111,965	112,562	111,767	112,931	112,548	674,906	269,619
Outpatient Hospital	16,572,741	15,115,990	14,853,348	15,182,189	14,401,513	15,505,363	91,631,143	16,019,765
Other Medical	28,667,716	31,087,518	33,376,773	34,893,013	31,812,311	28,832,240	188,669,571	30,295,617
Pay for Performance Quality Incentive	603,012	603,849	602,934	604,830	604,830	606,660	3,624,647	606,662
Risk Corridor Expense	-	-	2,133,095	(1,390,990)	-	430,817	1,172,922	-
Hospital Directed Payments	24,576,449	24,409,832	24,650,569	24,613,116	24,699,036	24,742,689	147,691,691	59,831,392
Hospital Directed Payment Adjustment	(6,679,802)	5,409	185,219	(55,251)	17,404	(7,417)	(6,534,439)	103,134,648
Non-Claims Expense Adjustment	1,831	(3,882,116)	(414,162)	(329)	(1,490,761)	1,931	(5,783,607)	15,749
IBNR, Incentive, Paid Claims Adjustment	(2,330,513)	(2,153,708)	(1,847,593)	905,899	277,697	(5,075,723)	(10,223,942)	22,696
Total Medical Costs	142,081,895	148,020,355	155,616,313	155,856,455	161,892,084	158,323,708	921,790,810	298,922,038
GROSS MARGIN	47,923,423	48,073,491	189,227,704	58,096,509	63,811,487	65,566,692	472,699,306	67,581,799
ADMINISTRATIVE COSTS								
Compensation	3,719,030	3,883,154	3,445,542	3,800,976	4,154,887	4,393,765	23,397,355	4,200,484
Purchased Services	2,266,065	2,446,404	1,939,952	1,959,335	1,661,091	2,949,925	13,222,771	1,498,800
Supplies	406,426	102,708	197,976	250,386	133,675	309,304	1,400,474	95,074
Depreciation	704,955	703,523	875,296	718,614	691,764	661,433	4,355,586	812,433
Other Administrative Expenses	608,392	453,737	526,643	706,468	608,620	533,629	3,437,489	883,740
Administrative Expense Adjustment	-	(2,444)	135	0	(2,230)	1,233,038	1,228,499	202,969
Total Administrative Expenses	7,704,868	7,587,082	6,985,543	7,435,779	7,247,808	10,081,094	47,042,174	7,693,499
TOTAL EXPENSES	149,786,762	155,607,437	162,601,856	163,292,234	169,139,892	168,404,802	968,832,984	306,615,537
OPERATING INCOME (LOSS) BEFORE TAX	40,218,556	40,486,409	182,242,161	50,660,730	56,563,679	55,485,598	425,657,132	59,888,301
MCO TAX	39,388,230	39,388,230	225,224,150	59,470,965	59,673,120	50,161,540	473,306,235	59,136,301
OPERATING INCOME (LOSS) NET OF TAX	830,326	1,098,179	(42,981,989)	(8,810,236)	(3,109,441)	5,324,058	(47,649,103)	751,999
NON-OPERATING REVENUE (EXPENSE)								
Total Non-Operating Revenue (Expense)	(507,411)	(235,639)	(506,063)	(1,781,820)	(834,074)	(1,589,363)	(5,454,370)	(623,936)
NET INCREASE (DECREASE) IN NET POSITION	322,915	862,540	(43,488,053)	(10,592,056)	(3,943,514)	3,734,694	(53,103,473)	128,064
MEDICAL LOSS RATIO	93.6%	93.4%	134.6%	101.1%	97.1%	89.7%	99.8%	94.2%
ADMINISTRATIVE EXPENSE RATIO	5.8%	5.7%	7.2%	5.7%	5.1%	6.8%	6.0%	5.3%

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
PMPM ROLLING 6 MONTHS  
FOR THE MONTH ENDED JANUARY 31, 2025

	JULY 2024	AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	DECEMBER 2024	6 Month Prior YTD	JANUARY 2025
Total Members - MCAL	402,008	400,588	401,956	402,241	403,549	404,440	2,414,782	404,441
<b>REVENUES</b>								
Medicaid - Family and Other	205.88	209.27	177.79	210.36	236.28	238.59	213.03	225.97
Medicaid - Expansion Members	401.84	402.95	226.08	390.42	414.85	479.73	386.18	423.70
Medicaid - SPD Members	1,075.66	1,010.30	670.71	1,016.41	1,054.01	1,049.14	979.40	818.92
Medicaid - LTC Members	8,284.49	7,987.18	7,023.81	7,850.98	8,309.27	7,994.24	7,907.81	-
Premium - MCO Tax	97.98	98.33	560.32	147.85	147.87	124.03	196.00	146.22
Premium - Hospital Directed Payments	61.13	60.94	61.33	61.19	61.20	61.18	61.16	147.94
Investment Earnings And Other Income	8.45	8.98	9.03	5.06	5.32	5.39	7.03	4.28
Rate Adjustments - Hospital Directed Payments	(16.63)	0.01	(5.40)	(0.14)	0.04	(0.02)	(3.68)	255.01
Rate/Income Adjustments	1.48	0.29	3.98	0.26	0.59	(0.77)	0.97	1.29
Total Revenues	472.64	489.52	857.91	531.90	559.30	553.58	577.48	906.20
<b>EXPENSES</b>								
<b>MEDICAL COSTS</b>								
Physician Services	80.72	85.77	84.64	106.01	93.35	92.99	90.59	89.34
Other Professional Services	22.17	23.17	22.56	(7.96)	24.71	26.73	18.57	28.30
Emergency Room	15.83	16.07	15.63	18.84	16.45	14.96	16.30	18.02
Inpatient	81.68	81.49	81.08	84.47	92.12	95.70	86.11	83.72
Reinsurance Expense	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.67
Outpatient Hospital	41.22	37.73	36.95	37.74	35.69	38.34	37.95	39.61
Other Medical	71.31	77.60	83.04	86.75	78.83	71.29	78.13	74.91
Pay for Performance Quality Incentive	1.50	1.51	1.50	1.50	1.50	1.50	1.50	1.50
Hospital Directed Payments	61.13	60.94	61.33	61.19	61.20	61.18	61.16	147.94
Hospital Directed Payment Adjustment	(16.62)	0.01	0.46	(0.14)	0.04	(0.02)	(2.71)	255.01
Non-Claims Expense Adjustment	0.00	(9.69)	(1.03)	(0.00)	(3.69)	0.00	(2.40)	0.04
IBNR, Incentive, Paid Claims Adjustment	(5.80)	(5.38)	(4.60)	2.25	0.69	(12.55)	(4.23)	0.06
Total Medical Costs	353.43	369.51	387.15	387.47	401.17	391.46	381.73	739.10
GROSS MARGIN	119.21	120.01	470.77	144.43	158.13	162.12	195.75	167.10
<b>ADMINISTRATIVE COSTS</b>								
Compensation	9.25	9.69	8.57	9.45	10.30	10.86	9.69	10.39
Purchased Services	5.64	6.11	4.83	4.87	4.12	7.29	5.48	3.71
Supplies	1.01	0.26	0.49	0.62	0.33	0.76	0.58	0.24
Depreciation	1.75	1.76	2.18	1.79	1.71	1.64	1.80	2.01
Other Administrative Expenses	1.51	1.13	1.31	1.76	1.51	1.32	1.42	2.19
Administrative Expense Adjustment	-	(0.01)	0.00	0.00	(0.01)	3.05	0.51	0.50
Total Administrative Expenses	19.17	18.94	17.38	18.49	17.96	24.93	19.48	19.02
TOTAL EXPENSES	372.60	388.45	404.53	405.96	419.13	416.39	401.21	758.12
OPERATING INCOME (LOSS) BEFORE TAX	100.04	101.07	453.39	125.95	140.17	137.19	176.27	148.08
MCO TAX	97.98	98.33	560.32	147.85	147.87	124.03	196.00	146.22
OPERATING INCOME (LOSS) NET OF TAX	2.07	2.74	(106.93)	(21.90)	(7.71)	13.16	(19.73)	1.86
<b>NON-OPERATING REVENUE (EXPENSE)</b>								
Total Non-Operating Revenue (Expense)	(1.26)	(0.59)	(1.26)	(4.43)	(2.07)	(3.93)	(2.26)	(1.54)
NET INCREASE (DECREASE) IN NET POSITION	0.80	2.15	(108.19)	(26.33)	(9.77)	9.23	(21.99)	0.32
MEDICAL LOSS RATIO	93.6%	93.4%	134.6%	101.1%	97.1%	89.7%	99.8%	94.2%
ADMINISTRATIVE EXPENSE RATIO	5.8%	5.7%	7.2%	5.7%	5.1%	6.8%	6.0%	5.3%

KHS 3/26/2025  
Management Use Only





**MEDI-CAL  
SCHEDULE OF REVENUES - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025**

REVENUES	January	Budget	Variance	Year to Date	Budget	Variance
Premium - Medi-Cal	47,363,308	48,069,532	(706,224)	47,363,308	48,069,532	(706,224)
Premium - Maternity Kick	3,443,250	3,340,876	102,374	3,443,250	3,340,876	102,374
Premium - Enhanced Care Management	2,125,064	1,743,563	381,501	2,125,064	1,743,563	381,501
Premium - Major Organ Transplant	160,356	236,180	(75,824)	160,356	236,180	(75,824)
Premium - Provider Enhancement	1,429,771	1,162,803	266,967	1,429,771	1,162,803	266,967
Premium - GEMT	160,977	181,103	(20,126)	160,977	181,103	(20,126)
Premium - Cal AIM	-	-	-	-	-	-
Premium - Student Behavioral Health Incentive	-	-	-	-	-	-
Premium - Housing and Homelessness Incentive	-	-	-	-	-	-
Premium - Equity & Practice Transformation	-	-	-	-	-	-
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-
Other	96,746	106,920	(10,174)	96,746	106,920	(10,174)
<b>TOTAL MEDICAID - FAMILY &amp; OTHER</b>	<b>54,779,472</b>	<b>54,840,976</b>	<b>(61,504)</b>	<b>54,779,472</b>	<b>54,840,976</b>	<b>(61,504)</b>
Premium - Medi-Cal	44,855,744	44,592,454	263,290	44,855,744	44,592,454	263,290
Premium - Maternity Kick	564,968	442,636	122,332	564,968	442,636	122,332
Premium - Enhanced Care Management	2,153,257	1,778,641	374,616	2,153,257	1,778,641	374,616
Premium - Major Organ Transplant	285,237	422,945	(137,708)	285,237	422,945	(137,708)
Premium - Provider Enhancement	430,414	364,845	65,569	430,414	364,845	65,569
Premium - GEMT	236,976	261,525	(24,549)	236,976	261,525	(24,549)
Premium - Cal AIM	-	-	-	-	-	-
Premium - Student Behavioral Health Incentive	-	-	-	-	-	-
Premium - Housing and Homelessness Incentive	-	-	-	-	-	-
Premium - Equity & Practice Transformation	-	-	-	-	-	-
Premium - Distinct Part Nursing Facility	-	-	-	-	-	-
Other	46,164	49,720	(3,556)	46,164	49,720	(3,556)
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>48,572,760</b>	<b>47,912,766</b>	<b>659,994</b>	<b>48,572,760</b>	<b>47,912,766</b>	<b>659,994</b>
Premium - Medi-Cal	37,081,984	38,844,033	(1,762,049)	37,081,984	38,844,033	(1,762,049)
Premium - Enhanced Care Management	1,403,572	1,014,864	388,708	1,403,572	1,014,864	388,708
Premium - Major Organ Transplant	125,409	341,085	(215,676)	125,409	341,085	(215,676)
Premium - Provider Enhancement	35,647	28,525	7,122	35,647	28,525	7,122
Premium - GEMT	151,476	173,842	(22,366)	151,476	173,842	(22,366)
Premium - Cal AIM	-	-	-	-	-	-
Premium - Student Behavioral Health Incentive	-	-	-	-	-	-
Premium - Housing and Homelessness Incentive	-	-	-	-	-	-
Premium - Equity & Practice Transformation	-	-	-	-	-	-
Premium - Distinct Part Nursing Facility	1,259	-	1,259	1,259	-	1,259
Other	112	112	-	112	112	-
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,799,459</b>	<b>40,402,462</b>	<b>(1,603,003)</b>	<b>38,799,459</b>	<b>40,402,462</b>	<b>(1,603,003)</b>



**MEDI-CAL  
SCHEDULE OF REVENUES - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025**

REVENUES	January	Year to Date
Premium - Medi-Cal	47,363,308	47,363,308
Premium - Maternity Kick	3,443,250	3,443,250
Premium - Enhanced Care Management	2,125,064	2,125,064
Premium - Major Organ Transplant	160,356	160,356
Premium - Provider Enhancement	1,429,771	1,429,771
Premium - GEMT	160,977	160,977
Premium - Cal AIM	-	-
Premium - Student Behavioral Health Incentive	-	-
Premium - Housing and Homelessness Incentive	-	-
Premium - Equity & Practice Transformation	-	-
Premium - Distinct Part Nursing Facility	-	-
Other	96,746	96,746
<b>TOTAL MEDICAID - FAMILY &amp; OTHER</b>	<b>54,779,472</b>	<b>54,779,472</b>
Premium - Medi-Cal	44,855,744	44,855,744
Premium - Maternity Kick	564,968	564,968
Premium - Enhanced Care Management	2,153,257	2,153,257
Premium - Major Organ Transplant	285,237	285,237
Premium - Provider Enhancement	430,414	430,414
Premium - GEMT	236,976	236,976
Premium - Cal AIM	-	-
Premium - Student Behavioral Health Incentive	-	-
Premium - Housing and Homelessness Incentive	-	-
Premium - Equity & Practice Transformation	-	-
Premium - Distinct Part Nursing Facility	-	-
Other	46,164	46,164
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>48,572,760</b>	<b>48,572,760</b>
Premium - Medi-Cal	37,081,984	37,081,984
Premium - Enhanced Care Management	1,403,572	1,403,572
Premium - Major Organ Transplant	125,409	125,409
Premium - Provider Enhancement	35,647	35,647
Premium - GEMT	151,476	151,476
Premium - Cal AIM	-	-
Premium - Student Behavioral Health Incentive	-	-
Premium - Housing and Homelessness Incentive	-	-
Premium - Equity & Practice Transformation	-	-
Premium - Distinct Part Nursing Facility	1,259	1,259
Other	112	112
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,799,459</b>	<b>38,799,459</b>

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025

	January	Budget	Variance	Year to Date	Budget	Variance
<b>Physician Services</b>						
Primary Care Physician Services	6,633,777	8,104,707	1,470,930	6,633,777	8,104,707	1,470,930
Referral Specialty Services	25,541,006	24,793,615	(747,391)	25,541,006	24,793,615	(747,391)
Urgent Care & After Hours Advice	3,948,407	3,797,582	(150,826)	3,948,407	3,797,582	(150,826)
Hospital Admitting Team	9,300	9,300	-	9,300	9,300	-
<b>Total Physician Services</b>	<b>36,132,491</b>	<b>36,705,204</b>	<b>572,714</b>	<b>36,132,491</b>	<b>36,705,204</b>	<b>572,714</b>
<b>Other Professional Services</b>						
Vision Service Capitation	344,606	362,700	18,094	344,606	362,700	18,094
221 - Business Intelligence	211,963	192,767	(19,197)	211,963	192,767	(19,197)
310 - Health Services - Utilization Management	826,640	774,403	(52,237)	826,640	774,403	(52,237)
311 - Health Services - Quality Improvement	306,121	285,794	(20,327)	306,121	285,794	(20,327)
312 - Health Services Education	321,705	356,025	34,319	321,705	356,025	34,319
313 - Pharmacy	140,301	127,750	(12,551)	140,301	127,750	(12,551)
314 - Enhanced Care Management	411,824	395,113	(16,711)	411,824	395,113	(16,711)
316 - Population Health Management	593,720	609,948	16,228	593,720	609,948	16,228
317 - In Lieu of Services	134,223	130,077	(4,147)	134,223	130,077	(4,147)
321 - Homeless Management Information Services	44,251	42,524	(1,727)	44,251	42,524	(1,727)
330 - Member Services	1,080,746	1,086,008	5,261	1,080,746	1,086,008	5,261
331 - Member Outreach	83,414	251,939	168,525	83,414	251,939	168,525
410 - Member Engagement	59,841	105,462	45,621	59,841	105,462	45,621
601 - Behavioral Health	170,807	176,756	5,949	170,807	176,756	5,949
602 - Quality & Health Equity	82,237	82,029	(208)	82,237	82,029	(208)
604 - Clinical Operations, Strategy, and Analytics	142,213	134,693	(7,520)	142,213	134,693	(7,520)
605 - Quality Performance	154,331	186,664	32,333	154,331	186,664	32,333
Behavior Health Treatment	3,181,908	2,817,797	(364,111)	3,181,908	2,817,797	(364,111)
Mental Health Services	974,251	677,548	(296,703)	974,251	677,548	(296,703)
Other Professional Services	2,180,697	2,034,956	(145,740)	2,180,697	2,034,956	(145,740)
<b>Total Other Professional Services</b>	<b>11,445,798</b>	<b>10,830,950</b>	<b>(614,849)</b>	<b>11,445,798</b>	<b>10,830,950</b>	<b>(614,849)</b>
Emergency Room	7,289,728	6,778,581	(511,147)	7,289,728	6,778,581	(511,147)
Inpatient Hospital	33,857,875	33,932,293	74,418	33,857,875	33,932,293	74,418
Reinsurance Expense Premium	269,619	273,046	3,427	269,619	273,046	3,427
Outpatient Hospital	16,019,765	15,406,417	(613,348)	16,019,765	15,406,417	(613,348)
<b>Other Medical</b>						
Ambulance and NEMT	5,965,805	5,043,028	(922,776)	5,965,805	5,043,028	(922,776)
Home Health Services & CBAS	1,636,266	1,318,326	(317,940)	1,636,266	1,318,326	(317,940)
Utilization and Quality Review Expenses	936,126	1,811,792	875,665	936,126	1,811,792	875,665
Long Term/SNF/Hospice	10,523,545	11,515,130	991,586	10,523,545	11,515,130	991,586
Provider Enhancement Expense - Prop. 56	1,801,039	1,643,514	(157,525)	1,801,039	1,478,365	(322,675)
Provider Enhancement Expense - GEMT	549,430	420,497	(128,933)	549,430	585,646	36,217
Enhanced Care Management	5,134,027	4,310,215	(823,813)	5,134,027	4,310,215	(823,813)
Community Support Services	590,845	-	(590,845)	590,845	-	(590,845)
Major Organ Transplant	542,452	950,199	407,747	542,452	950,199	407,747
Cal AIM Incentive Programs	275,000	-	(275,000)	275,000	-	(275,000)
Student Behavioral Health Incentive	-	-	-	-	-	-
Housing and Homelessness Incentive	-	-	-	-	-	-
Distinct Part Nursing Facility Expense	1,259	-	(1,259)	1,259	-	(1,259)
Equity & Practice Transformation Expense	-	-	-	-	-	-
DME/Rebates	2,339,823	1,982,539	(357,284)	2,339,823	1,982,539	(357,284)
<b>Total Other Medical</b>	<b>30,295,617</b>	<b>28,995,240</b>	<b>(1,300,377)</b>	<b>30,295,617</b>	<b>28,995,240</b>	<b>(1,300,377)</b>
Pay for Performance Quality Incentive	606,662	604,508	(2,153)	606,662	604,508	(2,153)
Risk Corridor Expense	-	-	-	-	-	-
Hospital Directed Payments	59,831,392	24,307,910	(35,523,482)	59,831,392	24,307,910	(35,523,482)
Hospital Directed Payment Adjustment	103,134,648	-	(103,134,648)	103,134,648	-	(103,134,648)
Non-Claims Expense Adjustment	15,749	-	(15,749)	15,749	-	(15,749)
IBNR, Incentive, Paid Claims Adjustment	22,696	-	(22,696)	22,696	-	(22,696)
<b>Total Medical Costs</b>	<b>298,922,038</b>	<b>157,834,150</b>	<b>(141,087,888)</b>	<b>298,922,038</b>	<b>157,834,150</b>	<b>(141,087,888)</b>

\* MEDICAL COSTS PER DMHIC REGULATIONS

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025



	January	Budget	Variance	Year to Date	Budget	Variance
<b>TOTAL MEMBERS - MCAL</b>	<b>404,441</b>	<b>403,000</b>	<b>1,441</b>	<b>404,441</b>	<b>403,000</b>	<b>1,441</b>
<b>Physician Services</b>						
Primary Care Physician Services	16.40	20.11	3.71	16.40	20.11	3.71
Referral Specialty Services	63.15	61.52	(1.63)	63.15	61.52	(1.63)
Urgent Care & After Hours Advice	9.76	9.42	(0.34)	9.76	9.42	(0.34)
Hospital Admitting Team	0.02	0.02	0.00	0.02	0.02	0.00
<b>Total Physician Services</b>	<b>89.34</b>	<b>91.08</b>	<b>1.74</b>	<b>89.34</b>	<b>91.08</b>	<b>1.74</b>
<b>Other Professional Services</b>						
Vision Service Capitation	0.85	0.90	0.05	0.85	0.90	0.05
221 - Business Intelligence	0.52	0.48	(0.05)	0.52	0.48	(0.05)
310 - Health Services - Utilization Management	2.04	1.92	(0.12)	2.04	1.92	(0.12)
311 - Health Services - Quality Improvement	0.76	0.71	(0.05)	0.76	0.71	(0.05)
312 - Health Services Education	0.80	0.88	0.09	0.80	0.88	0.09
313 - Pharmacy	0.35	0.32	(0.03)	0.35	0.32	(0.03)
314 - Enhanced Care Management	1.02	0.98	(0.04)	1.02	0.98	(0.04)
316 - Population Health Management	1.47	1.51	0.05	1.47	1.51	0.05
317 - In Lieu of Services	0.33	0.32	(0.01)	0.33	0.32	(0.01)
321 - Homeless Management Information Services	0.11	0.11	(0.00)	0.11	0.11	(0.00)
330 - Member Services	2.67	2.69	0.02	2.67	2.69	0.02
331 - Member Outreach	0.21	0.63	0.42	0.21	0.63	0.42
410 - Member Engagement	0.15	0.26	0.11	0.15	0.26	0.11
601 - Behavioral Health	0.42	0.44	0.02	0.42	0.44	0.02
602 - Quality & Health Equity	0.20	0.20	0.00	0.20	0.20	0.00
604 - Clinical Operations, Strategy, and Analytics	0.35	0.33	(0.02)	0.35	0.33	(0.02)
605 - Quality Performance	0.38	0.46	0.08	0.38	0.46	0.08
Behavior Health Treatment	7.87	6.99	(0.88)	7.87	6.99	(0.88)
Mental Health Services	2.41	1.68	(0.73)	2.41	1.68	(0.73)
Other Professional Services	5.39	5.05	(0.34)	5.39	5.05	(0.34)
<b>Total Other Professional Services</b>	<b>28.30</b>	<b>26.88</b>	<b>(1.42)</b>	<b>28.30</b>	<b>26.88</b>	<b>(1.42)</b>
Emergency Room	18.02	16.82	(1.20)	18.02	16.82	(1.20)
Inpatient Hospital	83.72	84.20	0.48	83.72	84.20	0.48
Reinsurance Expense Premium	0.67	0.68	0.01	0.67	0.68	0.01
Outpatient Hospital	39.61	38.23	(1.38)	39.61	38.23	(1.38)
<b>Other Medical</b>						
Ambulance and NEMT	14.75	12.51	(2.24)	14.75	12.51	(2.24)
Home Health Services & CBAS	4.05	3.27	(0.77)	4.05	3.27	(0.77)
Utilization and Quality Review Expenses	2.31	4.50	2.18	2.31	4.50	2.18
Long Term/SNF/Hospice	26.02	28.57	2.55	26.02	28.57	2.55
Provider Enhancement Expense - Prop. 56	4.45	4.08	(0.37)	4.45	3.67	(0.78)
Provider Enhancement Expense - GEMT	1.36	1.04	(0.32)	1.36	1.45	0.09
Enhanced Care Management	12.69	10.70	(2.00)	12.69	10.70	(2.00)
Major Organ Transplant	1.34	2.36	1.02	1.34	2.36	1.02
Cal AIM Incentive Programs	0.68	-	(0.68)	0.68	-	(0.68)
Student Behavioral Health Incentive	-	-	-	-	-	-
Housing and Homelessness Incentive	-	-	-	-	-	-
Distinct Part Nursing Facility Expense	0.00	-	(0.00)	0.00	-	(0.00)
DME/Rebates	5.79	4.92	(0.87)	5.79	4.92	(0.87)
<b>Total Other Medical</b>	<b>73.45</b>	<b>71.95</b>	<b>(1.50)</b>	<b>73.45</b>	<b>71.95</b>	<b>(1.50)</b>
Pay for Performance Quality Incentive	1.50	1.50	0.00	1.50	1.50	0.00
Hospital Directed Payments	147.94	60.32	(87.62)	147.94	60.32	(87.62)
Hospital Directed Payment Adjustment	255.01	-	(255.01)	255.01	-	(255.01)
Non-Claims Expense Adjustment	0.04	-	(0.04)	0.04	-	(0.04)
IBNR, Incentive, Paid Claims Adjustment	0.06	-	(0.06)	0.06	-	(0.06)
<b>Total Medical Costs</b>	<b>737.64</b>	<b>391.65</b>	<b>(345.99)</b>	<b>737.64</b>	<b>391.65</b>	<b>(345.99)</b>

KHS 3/26/2025  
Management Use Only



**MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025**

	January	Year to Date
<b>Physician Services</b>		
Primary Care Physician Services	6,633,777	6,633,777
Referral Specialty Services	25,541,006	25,541,006
Urgent Care & After Hours Advice	3,948,407	3,948,407
Hospital Admitting Team	9,300	9,300
<b>Total Physician Services</b>	<b>36,132,491</b>	<b>36,132,491</b>
<b>Other Professional Services</b>		
Vision Service Capitation	344,606	344,606
221 - Business Intelligence	211,963	211,963
310 - Health Services - Utilization Management	826,640	826,640
311 - Health Services - Quality Improvement	306,121	306,121
312 - Health Services Education	321,705	321,705
313 - Pharmacy	140,301	140,301
314 - Enhanced Care Management	411,824	411,824
316 - Population Health Management	593,720	593,720
317 - In Lieu of Services	134,223	134,223
321 - Homeless Management Information Services	44,251	44,251
330 - Member Services	1,080,746	1,080,746
331 - Member Outreach	83,414	83,414
410 - Member Engagement	59,841	59,841
601 - Behavioral Health	170,807	170,807
602 - Quality & Health Equity	82,237	82,237
604 - Clinical Operations, Strategy, and Analytics	142,213	142,213
605 - Quality Performance	154,331	154,331
Behavior Health Treatment	3,181,908	3,181,908
Mental Health Services	974,251	974,251
Other Professional Services	2,180,697	2,180,697
<b>Total Other Professional Services</b>	<b>11,445,798</b>	<b>11,445,798</b>
Emergency Room	7,289,728	7,289,728
Inpatient Hospital	33,857,875	33,857,875
Reinsurance Expense Premium	269,619	269,619
Outpatient Hospital	16,019,765	16,019,765
<b>Other Medical</b>		
Ambulance and NEMT	5,965,805	5,965,805
Home Health Services & CBAS	1,636,266	1,636,266
Utilization and Quality Review Expenses	936,126	936,126
Long Term/SNF/Hospice	10,523,545	10,523,545
Provider Enhancement Expense - Prop. 56	1,801,039	1,801,039
Provider Enhancement Expense - GEMT	549,430	549,430
Enhanced Care Management	5,134,027	5,134,027
Community Support Services	590,845	590,845
Major Organ Transplant	542,452	542,452
Cal AIM Incentive Programs	275,000	275,000
Student Behavioral Health Incentive	-	-
Housing and Homelessness Incentive	-	-
Distinct Part Nursing Facility Expense	1,259	1,259
Equity & Practice Transformation Expense	-	-
DME/Rebates	2,339,823	2,339,823
<b>Total Other Medical</b>	<b>30,295,617</b>	<b>30,295,617</b>
Pay for Performance Quality Incentive	606,662	606,662
Risk Corridor Expense	-	-
Hospital Directed Payments	59,831,392	59,831,392
Hospital Directed Payment Adjustment	103,134,648	103,134,648
Non-Claims Expense Adjustment	15,749	15,749
IBNR, Incentive, Paid Claims Adjustment	22,696	22,696
<b>Total Medical Costs</b>	<b>298,922,038</b>	<b>298,922,038</b>

\* MEDICAL COSTS PER DMHC REGULATIONS



**MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED JANUARY 31, 2025**

	January	Year to Date
<b>Physician Services</b>		
Primary Care Physician Services	16.40	16.40
Referral Specialty Services	63.15	63.15
Urgent Care & After Hours Advice	9.76	9.76
Hospital Admitting Team	0.02	0.02
<b>Total Physician Services</b>	<b>89.34</b>	<b>89.34</b>
<b>Other Professional Services</b>		
Vision Service Capitation	0.85	0.85
221 - Business Intelligence	0.52	0.52
310 - Health Services - Utilization Management	2.04	2.04
311 - Health Services - Quality Improvement	0.76	0.76
312 - Health Services Education	0.80	0.80
313 - Pharmacy	0.35	0.35
314 - Enhanced Care Management	1.02	1.02
316 - Population Health Management	1.47	1.47
317 - In Lieu of Services	0.33	0.33
321 - Homeless Management Information Services	0.11	0.11
330 - Member Services	2.67	2.67
410 - Member Engagement	0.15	0.15
601 - Behavioral Health	0.42	0.42
602 - Quality & Health Equity	0.20	0.20
604 - Clinical Operations, Strategy, and Analytics	0.35	0.35
605 - Quality Performance	0.38	0.38
Behavior Health Treatment	7.87	7.87
Mental Health Services	2.41	2.41
Other Professional Services	5.39	5.39
<b>Total Other Professional Services</b>	<b>28.30</b>	<b>28.30</b>
Emergency Room	18.02	18.02
Inpatient Hospital	83.72	83.72
Reinsurance Expense Premium	0.67	0.67
Outpatient Hospital	39.61	39.61
<b>Other Medical</b>		
Ambulance and NEMT	14.75	14.75
Home Health Services & CBAS	4.05	4.05
Utilization and Quality Review Expenses	2.31	2.31
Long Term/SNF/Hospice	26.02	26.02
Provider Enhancement Expense - Prop. 56	4.45	4.45
Provider Enhancement Expense - GEMT	1.36	1.36
Enhanced Care Management	12.69	12.69
Community Support Services	1.34	1.34
Major Organ Transplant	1.34	1.34
Cal AIM Incentive Programs	0.68	0.68
Housing and Homelessness Incentive	-	-
Distinct Part Nursing Facility Expense	0.00	0.00
DME	5.79	5.79
<b>Total Other Medical</b>	<b>74.79</b>	<b>74.79</b>
Pay for Performance Quality Incentive	1.50	1.50
Risk Corridor Expense	-	-
Hospital Directed Payments	147.94	147.94
Hospital Directed Payment Adjustment	255.01	255.01
Non-Claims Expense Adjustment	0.04	0.04
IBNR, Incentive, Paid Claims Adjustment	0.06	0.06
<b>Total Medical Costs</b>	<b>738.98</b>	<b>738.98</b>

**MEDI-CAL  
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT  
FOR THE MONTH ENDED JANUARY 31, 2025**

	January	Budget	Variance	Year to Date	Budget	Variance
110 - Executive	682,639	650,390	(32,249)	682,639	650,390	(32,249)
112 - Government Relations	64,745	62,942	(1,803)	64,745	62,942	(1,803)
210 - Accounting	373,730	370,068	(3,662)	373,730	370,068	(3,662)
220 - Management Information Systems (MIS)	354,906	508,775	153,869	354,906	508,775	153,869
221 - Business Intelligence	288,258	246,484	(41,774)	288,258	246,484	(41,774)
222 - MIS Development	390,138	515,722	125,584	390,138	515,722	125,584
223 - Enterprise Configuration	233,790	321,789	87,999	233,790	321,789	87,999
224 - Cyber Security	31,621	43,744	12,122	31,621	43,744	12,122
225 - Infrastructure	767,910	1,140,153	372,243	767,910	1,140,153	372,243
226 - Technical Administrative Services	70,628	94,102	23,474	70,628	94,102	23,474
230 - Claims	885,033	823,337	(61,696)	885,033	823,337	(61,696)
240 - Project Development	214,035	216,007	1,972	214,035	216,007	1,972
310 - Health Services - Utilization Management	30,019	50,148	20,129	30,019	50,148	20,129
311 - Health Services - Quality Improvement	(15,100)	11,596	26,696	(15,100)	11,596	26,696
312 - Health Services - Education	-	648	648	-	648	648
313 - Pharmacy	10,795	11,450	655	10,795	11,450	655
314 - Enhanced Care Management	18,954	22,583	3,628	18,954	22,583	3,628
316 - Population Health Management	103	2,454	2,352	103	2,454	2,352
317 - Community Support Services	-	3,150	3,150	-	3,150	3,150
318 - Housing & Homeless Incentive Program (HHIP)	-	-	-	-	-	-
319 - CAL AIM Incentive Payment Program (IPP)	-	-	-	-	-	-
320 - Provider Network Management	297,212	326,776	29,564	297,212	326,776	29,564
321 - Homeless Management Information Services	73	1,854	1,781	73	1,854	1,781
322 - Delegation & Oversight	50,538	30,422	(20,117)	50,538	30,422	(20,117)
330 - Member Services	174,446	229,310	54,864	174,446	229,310	54,864
331 - Member Outreach	-	-	-	-	-	-
340 - Corporate Services	1,085,693	1,128,044	42,351	1,085,693	1,128,044	42,351
360 - Audit & Investigative Services	286,424	306,189	19,765	286,424	306,189	19,765
410 - Member Engagement	67,809	62,873	(4,936)	67,809	62,873	(4,936)
420 - Sales/Marketing/Public Relations	139,774	329,532	189,757	139,774	329,532	189,757
510 - Human Resources	727,474	460,498	(266,976)	727,474	460,498	(266,976)
520 - Legal	35,231	122,824	87,593	35,231	122,824	87,593
601 - Behavioral Health	307	3,350	3,043	307	3,350	3,043
602 - Quality & Health Equity	10,624	35,573	24,949	10,624	35,573	24,949
604 - Clinical Operations, Strategy & Analytics	-	662	662	-	662	662
605 - Quality Performance	212,721	116,048	(96,673)	212,721	116,048	(96,673)
Administrative Expense Adjustment	202,969	200,000	(2,969)	202,969	200,000	(2,969)
<b>Total Administrative Expenses</b>	<b>7,693,499</b>	<b>8,449,496</b>	<b>755,997</b>	<b>7,693,499</b>	<b>8,449,496</b>	<b>755,997</b>



**MEDI-CAL  
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT  
FOR THE MONTH ENDED JANUARY 31, 2025**

	January	YTD TOTALS
110 - Executive	682,639	682,639
112 - Government Relations	64,745	64,745
210 - Accounting	373,730	373,730
220 - Management Information Systems (MIS)	354,906	354,906
221 - Business Intelligence	288,258	288,258
222 - MIS Development	390,138	390,138
223 - Enterprise Configuration	233,790	233,790
224 - Cyber Security	31,621	31,621
225 - Infrastructure	767,910	767,910
226 - Technical Administrative Services	70,628	70,628
230 - Claims	885,033	885,033
240 - Project Development	214,035	214,035
310 - Health Services - Utilization Management	30,019	30,019
311 - Health Services - Quality Improvement	(15,100)	(15,100)
312 - Health Services - Education	-	-
313 - Pharmacy	10,795	10,795
314 - Enhanced Care Management	18,954	18,954
316 - Population Health Management	103	103
317 - Community Support Services	-	-
318 - Housing & Homeless Incentive Program (HHIP)	-	-
319 - CAL AIM Incentive Payment Program (IPP)	-	-
320 - Provider Network Management	297,212	297,212
322 - Delegation & Oversight	50,538	50,538
330 - Member Services	174,446	174,446
340 - Corporate Services	1,085,693	1,085,693
360 - Audit & Investigative Services	286,424	286,424
410 - Member Engagement	67,809	67,809
420 - Sales/Marketing/Public Relations	139,774	139,774
510 - Human Resources	727,474	727,474
520 - Legal	35,231	35,231
601 - Behavioral Health	307	307
602 - Quality & Health Equity	10,624	10,624
605 - Quality Performance	212,721	212,721
Administrative Expense Adjustment	202,969	202,969
<b>Total Administrative Expenses</b>	<b>7,693,499</b>	<b>7,693,499</b>





**KHS - GROUP HEALTH PLAN  
STATEMENT OF NET POSITION  
AS OF JANUARY 31, 2025**

ASSETS	January 2025	December 2024	Increase/ (Decrease)
Cash and Cash Equivalents	1,245,481	1,231,217	14,264
Interest Receivable	4,700	14,264	(9,564)
Other Receivable	125	125	-
<b>Total Current Assets</b>	<b>1,250,306</b>	<b>1,245,606</b>	<b>4,700</b>
<b>CURRENT LIABILITIES</b>			
Other Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>			
Net Position at Beginning of Year	1,245,606	1,183,678	61,928
Increase (Decrease) in Net Position - Current Year	4,700	61,928	(57,228)
<b>Total Net Position</b>	<b>1,250,306</b>	<b>1,245,606</b>	<b>4,700</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>1,250,306</b>	<b>1,245,606</b>	<b>4,700</b>



**KHS - GROUP HEALTH PLAN**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**FOR THE MONTH ENDED JANUARY 31, 2025**

	January	Budget	Variance	Year to Date	Budget	Variance
<b>REVENUES</b>						
Premium	-	-	-	-	-	-
Interest	4,700	-	4,700	4,700	-	4,700
Other Investment Income	-	-	-	-	-	-
<b>Total Revenues</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
IBNR and Paid Claims Adjustment	-	-	-	-	-	-
<b>Total Medical Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GROSS MARGIN</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>
<b>ADMINISTRATIVE COSTS</b>						
Management Fee Expense and Other Admin Exp	-	-	-	-	-	-
<b>Total Administrative Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
<b>Total Non-Operating Revenue (Expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>4,700</b>
<b>MEDICAL LOSS RATIO</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>



**KERN HEALTH SYSTEMS  
MONTHLY MEMBERS COUNT**

2025 MEMBER MONTHS													
MEDI-CAL		JAN'25	FEB'25	MAR'25	APR'25	MAY'25	JUN'25	JUL'25	AUG'25	SEP'25	OCT'25	NOV'25	DEC'25
ADULT AND FAMILY													
ADULT (SEE COMMENT)	74,604	74,604	0	0	0	0	0	0	0	0	0	0	0
CHILD	167,252	167,252	0	0	0	0	0	0	0	0	0	0	0
SUB-TOTAL ADULT & FAMILY	241,856	241,856	0	0	0	0	0	0	0	0	0	0	0
OTHER MEMBERS													
FULL DUALS - FAMILY	566	566	0	0	0	0	0	0	0	0	0	0	0
FULL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL OTHER MEMBERS	23,840	566	0	0	0	0	0	0	0	0	0	0	0
TOTAL FAMILY													
	265,696	242,422	0	0	0	0	0	0	0	0	0	0	0
SPD MEMBERS													
SPD (AGED AND DISABLED)	23,226	23,226	0	0	0	0	0	0	0	0	0	0	0
OTHER MEMBERS													
BCCTP - TABACCO SETTLEMENT	0	0	0	0	0	0	0	0	0	0	0	0	0
FULL DUALS - BCCTP	2	2	0	0	0	0	0	0	0	0	0	0	0
SPD FULL DUALS	23,272	23,272	0	0	0	0	0	0	0	0	0	0	0
EXPANDION FULL DUALS	366	366	0	0	0	0	0	0	0	0	0	0	0
LONG TERM CARE (LTC)													
LTC	48	48	0	0	0	0	0	0	0	0	0	0	0
LTC DUALS	465	465	0	0	0	0	0	0	0	0	0	0	0
TOTAL LTC	513	513	0	0	0	0	0	0	0	0	0	0	0
TOTAL SPD													
	47,379	47,379	0	0	0	0	0	0	0	0	0	0	0
ACA OE - MEDI-CAL OPTIONAL EXPANSION													
ACA Expansion Adult-Citizen	114,640	114,640	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPANSION	114,640	114,640	0	0	0	0	0	0	0	0	0	0	0
TOTAL CLASSIC MEMBERS													
	288,922	404,441	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL													
	404,075	404,441	0	0	0	0	0	0	0	0	0	0	0





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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** Reports on Accounts Payable, Administrative Contracts and IT Technology Consulting Resources  
**DATE:** April 11, 2025

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Attached for your review are the following items:

- 1) Accounts Payable Vendor Report listing of payments over \$20,000 for the months of December 2024 and January 2025.
- 2) Administrative Contract Report listing of contracts between \$50,000 and \$200,000 for the months of December 2024 and January 2025.
- 3) IT Technology Consulting Resources Report for the period ending December 31, 2024.

**Requested Action**

Receive and File; Refer to KHS Board of Directors.

# KERN HEALTH SYSTEMS

## December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5466	ZIPARI, INC ****	1,127,911.82	1,150,911.82	JUN. 2024-DEC. 2025 MEMBER-PROVIDER PORTAL SUBSCRIPTION	MIS INFRASTRUCTURE
T1045	KAISER FOUNDATION HEALTH - HMO	889,624.10	10,267,478.33	DEC. 2024 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	691,298.03	1,458,980.85	2024-2025 FINAL INSTALLMENT ANNL ASSESSMENT	ADMINISTRATION
T1408	DELL MARKETING L.P.	560,267.64	2,538,530.27	YR 3 EA TRUE UP & (46) LAPTOPS	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE	515,680.93	6,945,125.54	OCT. & NOV. 2024 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	449,647.19	2,570,538.13	SEPT. & OCT. 2024 INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T2704	MCG HEALTH LLC. ****	407,949.16	1,642,229.93	ANNUAL HEALTH CARE MANAGEMENT & SOFTWARE LICENSE	UTILIZATION MANAGEMENT
T4737	TEKSYSTEMS, INC.	188,292.00	3,371,028.05	NOV. 2024 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T5022	SVAM INTERNATIONAL INC	165,903.00	1,441,444.50	OCT. & NOV. 2024 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T4733	UNITED STAFFING ASSOCIATES	147,637.25	1,187,881.80	OCT. & NOV. 2024 TEMPORARY HELP - (16) MS: (4) ME	VARIOUS
T5337	CAZADOR CONSULTING GROUP INC	127,654.40	1,359,160.65	OCT. & NOV. 2024 TEMPORARY HELP - (1) ACC: (16) MS: (1) ME: (1) HR	VARIOUS
T5292	ALL'S WELL HEALTH CARE SERVICES	118,905.47	1,135,351.54	OCT. & NOV. 2024 TEMPORARY HELP - QI: (2), UM: (8), PHM (1)	VARIOUS
WT/ACH	USPS ****	90,000.00	90,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5684	REBELLIS GROUP LLC	85,293.80	907,111.33	OCT. & NOV. 2024 PROFESSIONAL SERVICES	MEDICARE
T3011	OFFICE ALLY, INC	70,126.56	747,587.21	NOV. 2024 EDI CLAIMS	CLAIMS

# KERN HEALTH SYSTEMS

## December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC ****	62,824.69	2,481,391.81	OCT. & NOV. 2024 PROFESSIONAL SERVICES & EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T5313	HEALTH LITERACY INNOVATIONS, LLC ****	61,850.00	61,850.00	HEALTH LITERACY ADVISOR ANNUAL LICENSE RENEWAL	MIS INFRASTRUCTURE
T5886	US POSTAL SERVICE	60,000.00	360,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	59,642.32	702,201.95	DEC. 2024 VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T5564	CLARISHEALTH, INC	57,822.39	929,103.69	NOV. 2024 CONSULTING SERVICES	ADMINISTRATION
T4657	DAPONDE SIMPSON ROWE PC ****	50,142.50	371,454.50	SEPT. & OCT. 2024 LEGAL SERVICES	ADMINISTRATION
T5963	ANTAGE INCORPORATED	49,200.00	296,831.20	NOV. 2024 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T2967	DEPARTMENT OF HEALTH CARE SERVICES ****	49,000.00	287,000.00	YEAR 2023 MONETARY SANCTION	ADMINISTRATION
T5890	DELTA DENTAL OF CALIFORNIA	47,633.77	549,536.18	DEC. 2024 EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T1128	HALL LETTER SHOP, INC ****	45,431.35	304,043.68	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS & ENVELOPES	VARIOUS
T4452	WELLS FARGO ACH	44,045.42	421,681.73	ACH- MISC CREDIT CARD PURCHASES	VARIOUS
T5509	NGUYEN CAO LUU-TRONG ****	42,000.00	275,250.00	OCT. 2024 CONSULTING SERVICES	HEALTH SERVICES - UTILIZATION MANAGEMENT
T4914	ART COUNCIL OF KERN ****	39,600.00	44,600.00	COMMUNITY HEALTH GRANT	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	39,442.50	590,157.50	NOV. 2024 CONSULTING SERVICES	VARIOUS
T5435	TEGRIA SERVICES GROUP - US, INC	39,200.00	536,987.50	NOV. 2024 CONSULTING SERVICES	BUSINESS INTELLIGENCE/PROJECT MANAGEMENT
T5420	PAYPRO ACH	37,534.76	441,263.35	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5930	DAYFORCE US, INC ****	32,898.40	311,288.80	NOV. 2024 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES

KERN • HEALTH  
SYSTEMS

December AP Vendor Report  
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5863	MANNA HAGOS ****	30,717.00	130,702.50	SEPT., OCT., & NOV. 2024 PROFESSIONAL SERVICES	HEALTH SERVICES - UTILIZATION MANAGEMENT
T2458	HEALTHCARE FINANCIAL, INC.	30,000.00	401,597.97	OCT. & NOV. 2024 CONSULTING	ADMINISTRATION
T3088	GLEN BROWN CONSULTING	29,362.50	562,162.50	NOV. 2024 CONSULTING	CAPITAL PROJECT
T5520	BG HEALTHCARE CONSULTING, INC	29,025.00	415,445.00	NOV. 2024 SERVICES	HEALTH SERVICES - QUALITY MGMT. & POP. HEALTH MGMT.
T6179	BPM LLP	27,052.14	67,630.35	CONSULTING SERVICES - ERP SOFTWARE ADVISORY	CAPITAL PROJECT
T2167	PG&E	26,932.86	365,061.19	NOV. 2024 UTILITIES	CORPORATE SERVICES
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC ****	26,290.00	210,769.78	NOV. 2024 JANITORIAL SERVICES	CORPORATE SERVICES
T4227	FREESTYLE EVENTS SERVICES INC ****	23,902.00	83,115.90	WINTER WELLNESS WONDERLAND EVENT	HUMAN RESOURCES
		<u>6,677,740.95</u>			
	TOTAL VENDORS OVER \$20,000	6,677,740.95			
	TOTAL VENDORS UNDER \$20,000	622,906.29			
	TOTAL VENDOR EXPENSES- DECEMBER	<u>\$ 7,300,647.24</u>			

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



# KERN HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	10,267,478.33	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE	6,945,125.54	PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T4737	TEKSYSTEMS, INC.	3,371,028.05	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC	2,570,538.13	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T1408	DELL MARKETING L.P.	2,538,530.27	COMPUTER EQUIPMENT & SOFTWARE MAINTENANCE	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	2,481,391.81	PROFESSIONAL SERVICES & ANNUAL LICENSING	VARIOUS
T5452/WT	BLACKHAWK ENGAGEMENT SOLUTIONS INC	1,873,679.30	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES -QI
T2704	MCG HEALTH LLC	1,642,229.93	ANNUAL HEALTH CARE MANAGEMENT & SOFTWARE LICENSE	UTILIZATION MANAGEMENT
T1845	DEPARTMENT OF MANAGED HEALTH CARE	1,458,980.85	2024-2025 MCAL ANNUAL ASSESSMENT & YR 2022 MONETARY SANCTION	ADMINISTRATION
T5022	SVAM INTERNATIONAL INC	1,441,444.50	PROFESSIONAL SERVICES	MIS ADMINISTRATION
T2686	ALLIANT INSURANCE SERVICES INC.	1,434,276.47	2024 -2025 INSURANCE PREMIUMS	ADMINISTRATION
T3130	OPTUMINSIGHT, INC	1,416,456.00	ANNUAL LICENSE SOFTWARE	MIS INFRASTRUCTURE
T4699	ZEOMEGA, INC	1,413,206.12	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T5337	CAZADOR CONSULTING GROUP INC	1,359,160.65	TEMPORARY HELP	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	1,187,881.80	TEMPORARY HELP	VARIOUS

# KERN • HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5466	ZIPARI, INC	1,150,911.82	JAN-JUN MEMBER-PROVIDER SUBSCRIPTION & PROVIDER DIRECTORY UPDATES	MIS INFRASTRUCTURE
T5292	ALL'S WELL HEALTH CARE SERVICES	1,135,351.54	TEMPORARY HELP	VARIOUS
T5564	CLARISHEALTH, INC	929,103.69	DRG AUDIT RECOVERIES	ADMINISTRATION
T5111	ENTISYS 360, E360	916,448.92	NUTANIX ACROPOLIS SOFTWARE LICENSE	MIS INFRASTRUCTURE
T5684	REBELLIS GROUP LLC	907,111.33	MAPD BUSINESS CONSULTING	MEDICARE
T3011	OFFICE ALLY, INC	747,587.21	EDI CLAIM PROCESSING	CLAIMS
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	702,201.95	VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T3022	MICROSOFT CORPORATION	612,498.75	CONSULTING SERVICES	ENTERPRISE CONFIGURATION
T4237	FLUIDEDGE CONSULTING, INC	590,157.50	CONSULTING SERVICES	VARIOUS
T5865	HARTE-HANKS RESPONSE MANAGEMENT/AUSTIN, INC	579,932.01	2024 SALESFORCE LICENSE FEES-CUSTOMER CARE CONTACT CENTER	MEMBER SERVICES
T5877	TGN CONSULTING LLC	564,073.17	FRONT LINES ACTIVATION & EXECUTIVE COACHING	HUMAN RESOURCES
T3088	GLEN BROWN CONSULTING	562,162.50	CONSULTING SERVICES	CAPITAL PROJECT
T5890	DELTA DENTAL OF CALIFORNIA	549,536.18	EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T2918	STINSON'S	539,256.07	OFFICE SUPPLIES	VARIOUS
T5435	TEGRIA SERVICES GROUP - US, INC	536,987.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4460	PAYSPAN, INC	498,721.08	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5340	GARTNER INC	446,955.00	ANNUAL LEADERS INDIVIDUAL ACCESS ADVISOR - PROFESSIONAL SERVICES	HUMAN RESOURCES
T5420	PAYPRO ACH	441,263.35	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5155	A-C ELECTRIC COMPANY	425,423.85	CARPORT SOLAR PROJECT	CAPITAL PROJECT
T4452	WELLS FARGO	421,681.73	ACH- MISC CREDIT CARD PURCHASES	VARIOUS
T5520	BG HEALTHCARE CONSULTING, INC	415,445.00	PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T5907	DIAMOND PEAK CONSTRUCTION	404,759.00	MAIL ROOM REDESIGN & WALL REPAIR NEAR GENERATOR AREA	CAPITAL/CORPORATE SERVICES
T2458	HEALTHCARE FINANCIAL, INC	401,597.97	CONSULTING SERVICES	ADMINISTRATION
T4657	DAPONDE SIMPSON ROWE PC	371,454.50	LEGAL FEES	VARIOUS
T2167	PG&E	365,061.19	UTILITIES	CORPORATE SERVICES
T5886	US POSTAL SERVICE	360,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4331	COTIVITI, INC	334,327.73	PROFESSIONAL SERVICES	HEALTH SERVICES - QI
T3449	CDW GOVERNMENT	311,347.92	FORTINET RENEWAL & ADOBE LICENSES	MIS INFRASTRUCTURE
T5930	DAYFORCE US, INC	311,288.80	SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T1128	HALL LETTER SHOP	304,043.68	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS & ENVELOPES	VARIOUS

# KERN HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5963	ANTAGE INCORPORATED	296,831.20	PROFESSIONAL SERVICES	ENTERPRISE DEVELOPMENT
T2967	DEPARTMENT OF HEALTH CARE SERVICES	287,000.00	2024-2025 1ST INSTALLMENT MCAL ANNUAL ASSESSMENT & 2021 MEDICAL MCAS PERFORMANCE MEASUREMENT MONETARY SANCTION	ADMINISTRATION
T5757	BITFOCUS, INC	285,946.95	ENTERPRISE SOFTWARE LICENSING & DATA MODELING	CAPITAL PROJECT
T2584	UNITED STATES POSTAL SVC - HASLER	280,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5509	NGUYEN CAO LUU-TRONG	275,250.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T2413	TREK IMAGING INC	258,384.90	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T5344	SIGNATURE STAFF RESOURCES LLC	239,710.00	2023 & 2024 PROFESSIONAL SERVICES	PROJECT MGMNT/CAPITAL PROJECT
T4501	ALLIED UNIVERSAL SECURITY SERVICES	236,763.42	ONSITE SECURITY	CORPORATE SERVICES
T4024	QUADIENT INC	226,079.53	MAIL INSERTER, METER RENTAL & SOFTWARE SUPPORT	CAPITAL PROJECT/CORPORATE SERVICES
T4695	EDIFECS, INC.	221,605.25	ANLN LICENSE RENEWAL TRANSACTION MANAGEMENT LICENSES	MIS INFRASTRUCTURE
T5121	TPX COMMUNICATIONS	221,306.12	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T5026	TEL-TEC SECURITY SYSTEMS	220,403.12	SECURITY MAINTENANCE & UPGRADES	CAPITAL/ CORPORATE SERVICES
T4353	TWE SOLUTIONS, INC	213,364.31	JUNIPER QFX SWITCHES & LICENSES	MIS INFRASTRUCTURE
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	213,187.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	210,769.78	BUILDING IMPROVEMENT/MAINTENANCE	CORPORATE SERVICES
T4484	JACOBSON SOLUTIONS	208,050.12	TEMPORARY HELP	HEALTH SERVICES - UM
T1183	MILLIMAN USA	206,468.25	CY2022/2023 TNE & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T1272	COFFEY COMMUNICATIONS INC	206,236.82	MEMBER NEWSLETTER/WEBSITE IMPLEMENTATION	HEALTH SERVICES - WELLNESS & PREVENTION/MEDIA & ADVERTISING
T2469	DST HEALTH SOLUTIONS, LLC	200,350.00	ANNUAL ACG LICENSE & SUPPORT	BUSINESS INTELLIGENCE
T5742	MICHAEL NGUYEN	200,000.00	PROFESSIONAL SERVICES	QUALITY & HEALTH EQUITY
T5329	RELAY NETWORK, LLC	199,999.44	TEXT MESSAGING SUBSCRIPTION	CAPITAL PROJECT
T1022	UNUM LIFE INSURANCE CO.	198,825.78	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T2941	KERN PRINT SERVICES INC	192,295.59	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T5751	EXCELL HCA, LLC	190,774.00	PROFESSIONAL SERVICES	PROJECT MANAGEMENT
T2955	DELTA ELECTRIC INC.	188,130.00	BUILDING IMPROVEMENT/MAINTENANCE	CORPORATE SERVICES
T6127	MANIFEST MEDEX	184,905.83	YR 1 OF 3 HIE SUBSCRIPTION FEE	CAPITAL PROJECT
T2969	AMERICAN BUSINESS MACHINES INC	184,295.73	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4985	CYBERCODERS, INC	171,781.25	PROFESSIONAL SERVICES	MIS ADMINISTRATION

# KERN HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	168,744.18	PMPY DUES 2024-2025	ADMINISTRATION
T5583	THE MIHALIK GROUP, LLC	158,940.00	NCQA TRAINING	HEALTH SERVICES - QI
T5738	INSURICA - WALTER MORTENSEN INSURANCE	150,147.00	WORKERS COMP PREMIUM 2024-2025	ADMINISTRATION
T5931	SPROUT SOCIAL, INC	145,264.00	12 MONTHS OF SOCIAL MEDIA VIGILANCE & MANAGEMENT	CAPITAL PROJECT
T1005	COLONIAL LIFE & ACCIDENT	143,665.48	LIFE INSURANCE PREMIUM	VARIOUS
T4708	WAKELY CONSULTING GROUP, LLC FRMLY HEALTH MANAGEMENT ASSOCIATES, INC.	136,591.22	PROFESSIONAL SERVICES	ADMINISTRATION
T4503	VISION SERVICE PLAN	131,716.95	EMPLOYEE HEALTH BENEFITS	VARIOUS
T5863	MANNA HAGOS	130,702.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T4165	SHI INTERNATIONAL CO.	129,349.74	NETWORK SWITCHES WITH SUPPORT	MIS INFRASTRUCTURE/CAPITAL PROJECT
T2726	DST PHARMACY SOLUTIONS, INC	126,000.00	PHARMACY CLAIMS	PHARMACY
T4785	COMMGAP	121,331.25	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T5562	JDM SOLUTIONS INC.	119,040.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2961	SOLUTION BENCH, LLC	118,220.00	M-FILES SOFTWARE ANNUAL RENEWAL	MIS INFRASTRUCTURE
T4514	A.J. KLEIN, INC T. DENATALE, B. GOLDNER	117,905.77	LEGAL FEES	ADMINISTRATION

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2509	UNITED STATES POSTAL SERVICE	116,095.96	PERMIT 162 MEMBER NEWSLETTER POSTAGE	HEALTH SERVICES - WELLNESS & PREVENTION
T5494	LDP ASSOCIATES, INC.	115,770.99	YEAR 1 OF 3 UPS BATTERY SUPPORT	MIS INFRASTRUCTURE
T5571	GHA TECHNOLOGIES INC	109,938.26	FORTINET SECURITY	MIS INFRASTRUCTURE
T5941	CORDELL KEY	108,630.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T4563	SPH ANALYTICS	102,242.00	HEDIS CAHPS, ECM & PROVIDER SATISFACTION SURVEY	VARIOUS
T6054	WEBMD IGNITE	101,694.30	HEALTHWISE LICENSE FEES 2024	HEALTH SERVICES - WELLNESS & PREVENTION
T5467	MOSS ADAMS LLP	99,142.00	CLAIMS AUDIT TOOL ENHANCEMENT	CLAIMS
T5778	CONTOUR DATA SOLUTIONS, LLC	98,000.00	ANNUAL DATA SOLUTIONS	CAPITAL PROJECT
T2446	AT&T MOBILITY	97,916.19	CELLULAR PHONE/INTERNET USAGE	MIS INFRASTRUCTURE
T4217	CONTEXT 4 HEALTHCARE, INC	97,775.15	ANNL RENEWAL AMA FEES 6/2024-6/2025	MIS INFRASTRUCTURE - QNXT
T5291	PINNACLE RECRUITMENT SERVICES LLC	97,451.23	TEMPORARY HELP	VARIOUS
T5298	TOTALMED, INC	97,322.24	TEMPORARY HELP	VARIOUS
T5850	SERRANO ADVISORS LLC	96,300.00	PROFESSIONAL SERVICES	ENHANCED CARE MANAGEMENT
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	92,500.00	2024 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T5967	SAI360 INC	91,846.25	REGULATORY COMPLIANCE & BEST PRACTICES POLICY MANAGEMENT MODULES	CAPITAL PROJECT

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
WT/ACH	USPS ****	90,000.00	KHS POSTAL ONE/EPS ACCOUNT FUNDS	CORPORATE SERVICES
T1655	KERN,KKXX,KISV,KGEO,KGFM,KEBT,KZOZ,KKJG,KVEC,KSTT,KRQK,KPAT,	89,465.00	RADIO ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T4265	SIERRA SCHOOL EQUIPMENT COMPANY	85,287.69	BOARDROOM FURNITURE	CORPORATE SERVICES
T5400	CENTRO DE UNIDAD POPULAR BENITO JUAREZ, INC.	85,000.00	GRANT FUNDING	COMMUNITY GRANTS
T5319	CITIUSTECH INC	84,999.00	FAST+ ANNUAL MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4963	LINKEDIN CORPORATION	84,018.50	ANNUAL ONLINE TRAINING FOR ALL EMPLOYEES	HUMAN RESOURCES
T4216	NEXSTAR BROADCASTING INC	83,525.00	ADVERTISEMENT - MEDIA	MARKETING
T4227	FREESTYLE EVENTS SERVICES INC	83,115.90	AUDIO SERVICES CONNECT FORUM & SPRING GALA EVENT	ADMINISTRATION/HUMAN RESOURCES
T5538/WT	OCTOPAI B.I. LTD	74,496.00	ANNUAL RENEWAL - METADATA PLATFORM	BUSINESS INTELLIGENCE
T5550	CHARTER COMMUNICATIONS OPERATING, LLC	73,371.03	INTERNET SERVICES	MIS INFRASTRUCTURE
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	73,000.00	2023 AUDIT FEES	FINANCE
T2933	SIERRA PRINTERS, INC	71,941.66	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T3986	JACQUELYN S. FRANKLIN-WARD	69,320.00	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING
T6179	BPM LLP	67,630.35	ERP SOFTWARE ADVISORY	CAPITAL PROJECT
T6100	SYMPLR	67,512.48	SOFTWARE LICENSE 2024/2025	HEALTH SERVICES - UTIL REVIEW



# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5201	JAC SERVICES, INC	64,891.50	AIR CONDITIONING PM SERVICES	CORPORATE SERVICES
T4792	KP LLC	63,899.18	PROVIDER DIRECTORIES	PROVIDER NETWORK MANAGEMENT
T5313	HEALTH LITERACY INNOVATIONS, LLC ****	61,850.00	HEALTH LITERACY ADVISOR ANNUL LICENSE RENEWAL	MIS INFRASTRUCTURE
T4607	AGILITY RECOVERY SOLUTIONS INC.	60,707.24	PROFESSIONAL SERVICES	CORPORATE SERVICES
T2441	LAURA J. BREZINSKI	60,000.00	MARKETING MATERIALS	MARKETING
T4182	THE LAMAR COMPANIES	59,308.92	OUTDOOR ADVERTISEMENT - BILLBOARDS	ADVERTISING
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	58,771.00	2024 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	56,887.96	2023 & 2024 EDI CLAIM PROCESSING	CLAIMS
T4228	THE SSI GROUP, LLC	56,115.80	2023 & 2024 EDI CLAIM PROCESSING	CLAIMS
T1650	UNIVISION TELEVISION GROUP	53,327.00	ADVERTISEMENT - MEDIA	SALES/MARKETING/PUBLIC RELATIONS
T1861	CERIDIAN HCM, INC.	53,039.29	MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T5398	GOLDEN EMPIRE GLEANERS	50,908.80	FOOD BASKETS FOR MEMBERS	ENHANCED CARE MANAGEMENT
T1986	BOYS AND GIRLS CLUB OF KERN COUNTY	50,292.00	BRIDGING THE TRANSPORTATION GAP FUNDING	GRANTS
T5109	RAND EMPLOYMENT SOLUTIONS	50,141.07	TEMPORARY HELP	VARIOUS
T5696	ASA GLOBAL HEALTHCARE SERVICES PC	47,500.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM

# KERN HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5802	MOTOR VEHICLE NETWORK	47,430.00	DMV ADVERTISING OCT. 2024-OCT. 2024	SALES/MARKETING/PUBLIC RELATIONS
T4195	SCRIPPS MEDIA, INC DBA KERO-TV	46,660.00	ADVERTISEMENT - MEDIA	MARKETING
T1091	CLINICA SIERRA VISTA	46,610.12	2024 INTERPRETATION FEES - CSV	HEALTH SERVICES - WELLNESS & PREVENTION
T3001	MERCER	46,500.00	2024 COMPENSATION STUDY	ADMINISTRATION
T5421	PREMIER ACCESS INSURANCE COMPANY	46,074.50	EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T2851	SINCLAIR TELEVISION OF BAKERSFIELD, LLC	44,890.00	ADVERTISEMENT - MEDIA	MARKETING
T5783	TELADOC HEALTH INC	44,712.00	EMPLOYEE MENTAL HEALTH PREMIUM	VARIOUS
T4914	ART COUNCIL OF KERN ****	44,600.00	ARTS4 REHABILITATION GRANT OCT 2024	COMMUNITY GRANTS
T5846	MOKSHA PSYCHOTHERAPY & COMMUNITY HEALTH CONSULTING INC	44,187.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	44,000.00	MARKETING -BUS ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T5843	SEVEN OAKS COUNTRY CLUB	43,841.25	PROVIDER DINNER EVENT & Q2 FORUM	PROVIDER NETWORK MANAGEMENT
T3081	ST. VINCENT DE PAUL STORE, INC.	43,405.62	GRANT FUNDING	COMMUNITY GRANTS
T1097	NCQA	43,019.00	HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T5759	SHELLBY ROSE P DUMLAO	42,668.50	PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T4993	LEGALSHIELD	42,430.95	EMPLOYEE PAID VOLUNTARY COVERAGE	PAYROLL DEDUCTION

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5653	SUN OUTDOOR ADVERTISING LLC	40,500.00	HOSTED SOFTWARE RENEWAL	MIS INFRASTRUCTURE
T5851	ABSORB SOFTWARE NORTH AMERICA, LLC	40,193.64	DAYFORCE LEARNING LICENSE	MIS INFRASTRUCTURE
T5376	KCHCC	38,250.00	SPONSORSHIPS	SALES/MARKETING/PUBLIC RELATIONS
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	38,200.00	SPRING GRANTS & MEMBER ENGAGEMENT	SALES/MARKETING/PUBLIC RELATIONS/ CORPORATE SERVICES
T5779	COMMUNITY ACTION PARTNERSHIP OF KERN FOUNDATION	38,000.00	SPONSORSHIPS	SALES/MARKETING/PUBLIC RELATIONS
T5119	PACIFIC WEST SOUND PROFESSIONAL AUDIO & DESIGN INC	37,830.88	INSTALL & RELOCATE PROJECTORS/SMARTBOARDS	CORPORATE SERVICES
T1347	ADVANCED DATA STORAGE	37,379.55	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T2376	ROBIN PLUMB	37,280.00	CONSULTING SERVICES	FINANCE
T5791	WEINTRAUB TOBIN	37,086.50	LEGAL SERVICES	ADMINISTRATION
T5592	BRAND CO MARKETING	36,875.93	WEB HOSTING, RECRUITMENT & COMPANY STORE SUPPLIES	HUMAN RESOURCES
T3972	JOURNEY AIR CONDITIONING CO., INC.	36,157.00	HVAC RECONFIGURATION OF MAILROOM, 3RD & 4TH FLOOR	CAPITAL PROJECT
T5743	INTEL AGREE, COLABS	35,650.00	INTEL AGREE SUBSCRIPTION YEAR 2 OF 3	MIS INFRASTRUCTURE
T6121	JACKSON UTILIZATION MANAGEMENT CONSULTING	35,455.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UTIL REVIEW
T2641	MARANATHA GARDENING & LANDSCAPING, INC.	35,280.00	2024 BUILDING MAINTENANCE	CORPORATE SERVICE
T2562	CACTUS SOFTWARE LLC	33,506.15	2024 CREDENTIALING LICENSE & SUPPORT	MIS INFRASTRUCTURE

# KERN HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5762	SCREENVISION MEDIA	33,489.65	CINEMA ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T5436	THE BEACON STUDIOS, LLC	33,110.00	VIDEO SERVICES	SALES/MARKETING/PUBLIC RELATIONS
T1172	BUCK OWENS PRODUCTIONS	33,085.00	RADIO ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T2787	SAGE SOFTWARE. INC	33,019.32	SAGE 300 LICENSE RENEWAL - FINANCE SOFTWARE	FINANCE
T4259	SKARPHOL ASSOCIATES	32,798.04	BUILDING IMPROVEMENT -REMODELING & NEW OFFICES	CAPITAL PROJECT
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	32,068.08	2023 & 2024 EDI CLAIM PROCESSING	CLAIMS
T5130	BUILDING ELECTRONIC CONTROLS, INC.	30,484.34	FIRE ALARM EXPANSION & INSTALLATION	CAPITAL PROJECT/CORPORATE SERVICES
T4934	APPLE INC.	30,291.38	IPADS, IPHONES & POWER ADAPTERS	MIS INFRASTRUCTURE/CAPITAL
T4230	COFFEE BREAK SERVICE, INC.	30,225.70	COFFEE SUPPLIES	CORPORATE SERVICES
T4577	LA CAMPESINA, KBDS, KUFW, KMYX, KSEA, KBHH, KYLI, KCEC, KNAI	30,020.00	RADIO ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T2793	AMERICAN MANAGEMENT ASSOCIATION ****	29,724.37	TRAINING FOR ESSENTIALS OF PROJECT MANAGEMENT	PROJECT MANAGEMENT
T5434	CHARGEPOINT, INC	29,400.00	5 YR EV CHARGER MAINTENANCE	CORPORATE SERVICES
T4417	KAISER FOUNDATION HEALTH PLAN - OR	29,310.84	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T5936	AXIOS HQ INC	28,800.00	AI COMMUNICATION SOFTWARE LICENSING	CAPITAL PROJECT
T4731	GO TO TECHNOLOGIES, INC	28,560.00	INTERNET SERVICES	MIS INFRASTRUCTURE

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5741	HEALTHWISE, INCORPORATED	28,402.23	MEMBER SELF MANAGEMENT TOOLS	HEALTH SERVICES - WELLNESS & PREVENTION
T4920	OTIS ELEVATOR COMPANY	27,863.66	ELEVATOR MAINTENANCE & SERVICE CALLS	CORPORATE SERVICES
T2578	AMERICAN STROKE ASSOC/AMERICAN HEART ASSOC WESTERN STATES	27,500.00	SPONSORSHIP KERN CPRA, GRFW & HEART WALK	MARKETING
T4544	BARNES WEALTH MANAGEMENT GROUP	27,040.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T1007	FEDERAL EXPRESS CORP.	26,698.47	SHIPPING SERVICES	VARIOUS
T4424	GUROCK SOFTWARE GmbH	26,565.97	TESTRAIL SOFTWARE RENEWAL	MIS INFRASTRUCTURE
T5887	PREPARIS INC	26,118.46	DISASTER RECOVERY	CORPORATE SERVICES
T4983	SDL LIMITED	25,895.00	TRANSLATION TOOL LICENSES SEP. 2024-SEP. 2024	MIS INFRASTRUCTURE
T6183	ZOHO CORPORATION	25,600.00	2 YR SUBSCRIPTION MANAGE ENGINE OP MANAGER	MIS INFRASTRUCTURE
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	25,559.67	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5977	IMAGENET, LLC	25,500.00	OCR SERVICES	CAPITAL PROJECT
T5536	CALIFORNIA STATE UNIVERSITY BAKERSFIELD FOUNDATION	25,000.00	2024 SCHOOL SCHOLARSHIPS	SALES/MARKETING/PUBLIC RELATIONS
T3084	KERN COUNTY-COUNTY COUNSEL	24,804.80	LEGAL SERVICES	ADMINISTRATION
T5486	ALLIED GENERAL CONTRACTORS, INC	24,800.00	BUILDING IMPROVEMENT/MAINTENANCE	CORPORATE SERVICES
T1957	FRIENDS OF MERCY FOUNDATION	24,200.00	SPONSORSHIPS	SALES/MARKETING/PUBLIC RELATIONS

# KERN·HEALTH SYSTEMS

## Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4249	LOTUS BAKERSFIELD CORP	24,200.00	SPANISH RADIO ADVERTISING	SALES/MARKETING/PUBLIC RELATIONS
T3118	AMERICAN ACADEMY HOLDINGS LLC dba AAPC	23,563.40	CPC & MEDICAL HEALTHCARE TERMINOLOGY TRAINING	CLAIMS
T5260	HD DYNAMICS SOFTWARE SOLUTIONS, CORP	22,750.00	PROFESSIONAL SERVICES	PROVIDER NETWORK MANAGEMENT
T3055	FIRST 5 KERN ****	22,343.67	CHILD PASSENGER SAFETY TECHNICIAN TRAINING SERVICES & IMMUNIZATION COALITION PARENT SURVEY SPONSORSHIP	HEALTH SERVICES - WELLNESS & PREVENTION
T2601	RLH FIRE PROTECTION, INC.	22,311.00	OFFICE SPRINKLER INSPECTIONS	CORPORATE SERVICES
T4605	KERNVILLE UNION SCHOOL DISTRICT	22,208.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS
T5986	ABSOLUTE DRYWALL, INC	21,870.00	BLUE ZONES WELLNESS GARDEN	CORPORATE SERVICES
T4466	MENTORS MOVING & STORAGE ****	21,594.76	OFF SITE STORAGE	CORPORATE SERVICES
T4521	PAYSCALE, INC	21,420.00	COMPENSATION STUDY YR 1 OF 3	HUMAN RESOURCES
T5615	HAPPY WHOLE YOU, INC	21,355.11	2024 CUSTOM PROGRAMS	HUMAN RESOURCES
T5701	THE GRANGER NETWORK LLC	21,146.71	SUPERVISOR BOOTCAMP	HUMAN RESOURCES
T5391	INDEED, INC	21,074.79	GLOBAL SMART SOURCING SUBSCRIPTION	HUMAN RESOURCES
T5408	MARY HARRIS	20,825.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T5191	PACWEST DIRECT	20,676.25	MAIL SERVICES	CORPORATE SERVICES
T6040	KARLEN & PANICI BREWING LLC	20,333.75	SPRING GALA CATERING	HUMAN RESOURCES

# KERN HEALTH SYSTEMS

Year to Date AP Vendor Report  
Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5159	AT&T CORP ****	20,275.32	INTERNET SERVICES	MIS INFRASTRUCTURE
T4585	DELANO UNION SCHOOL DISTRICT ****	20,064.00	OFFICE RENT FOR MEMBER ENGAGEMENT & SCHOOL WELLNESS GRANT	CORPORATE SERVICES/HEALTH SERVICES - WELLNESS & PREVENTION
T5535	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT	20,000.00	SCHOOL WELLNESS GRANT	COMMUNITY GRANTS
		<u>72,379,999.44</u>		
	TOTAL VENDORS OVER \$20,000	72,379,999.44		
	TOTAL VENDORS UNDER \$20,000	2,930,851.76		
	TOTAL VENDOR EXPENSES- DECEMBER	<u>\$ 75,310,851.20</u>		

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

# KERN • HEALTH SYSTEMS

## January AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T1408	DELL MARKETING L.P.	1,581,177.42	ANNUAL VLA ENTERPRISE LICENSE/ EA RENEWAL & (88) LAPTOPS	MIS INFRASTRUCTURE
T3130	OPTUMINSIGHT, INC	855,290.00	ANNUAL CLAIMS EDIT SOFTWARE LICENSE - YR 3 OF 5	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE	456,320.81	DEC. 2024 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T5340	GARTNER INC	386,099.99	EXECUTIVE PROGRAM LICENSE & 2025 ON SITE TRAINING	TECHNICAL ADMINISTRATIVE SERVICES/HUMAN RESOURCES
T4737	TEKSYSTEMS, INC.	239,401.00	DEC. 2024 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	229,292.36	NOV. 2024 INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
WT/ACH	BCI HOLDINGS	207,156.39	JAN. 2025 EMPLOYEE HMO HEALTH BENEFITS PREMIUM & RX CLAIMS	VARIOUS
WT/ACH	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	200,000.00	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES - QI
T4963	LINKEDIN CORPORATION	142,532.00	2025 LEARNING HUB YR 1 OF 2, RECRUITMENT JOB SLOTS YR 1 OF 3	HUMAN RESOURCES
T4460	PAYSPAN, INC	142,156.20	NOV. & DEC. 2024 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	126,618.78	NOV. & DEC. 2024 PROFESSIONAL SERVICES & EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T5877	TGN CONSULTING LLC	123,008.95	LEADERSHIP DEVELOPMENT CONSULTING	HUMAN RESOURCES
T1097	NCQA	122,349.00	POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T4514	A.J. KLEIN, INC T. DENATALE, B. GOLDNER	98,602.53	JAN. - DEC. 2024 LEGAL FEES	ADMINISTRATION
T5684	REBELLIS GROUP LLC	91,806.64	NOV. 2024 PROFESSIONAL SERVICES	MEDICARE
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	85,000.00	2025 ANNUAL MEMBER DUES	ADMINISTRATION
T5292	ALL'S WELL HEALTH CARE SERVICES	80,738.91	NOV. & DEC. 2024 TEMPORARY HELP - UM: (13)	VARIOUS
T5571	GHA TECHNOLOGIES INC	80,374.17	FORTINET-FORTIGATE SECURITY APPLIANCES SUPPORT AND MAINTENANCE	MIS INFRASTRUCTURE



# KERN HEALTH SYSTEMS

January AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T6218	CLOUDERA, INC	77,940.10	ANNUAL RENEWAL - METADATA PLATFORM	BUSINESS INTELLIGENCE
T2413	TREK IMAGING INC	77,930.81	MARKETING PROMOTIONAL SUPPLIES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T1272	COFFEY COMMUNICATIONS INC.	77,466.57	WINTER ISSUE OF FAMILY HEALTH	HEALTH SERVICES - WELLNESS & PREVENTION
T1128	HALL LETTER SHOP, INC	66,267.21	M-CAL RENEWALS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS & ENVELOPES	VARIOUS
T3011	OFFICE ALLY, INC	64,369.41	DEC. 2024 EDI CLAIMS	CLAIMS
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	63,621.63	JAN. 2025 VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T4708	WAKELY CONSULTING GROUP, LLC	63,467.50	AUG. - NOV. 2024 PROFESSIONAL SERVICES	FINANCE
T5886	US POSTAL SERVICE	60,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
WT/ACH	USPS	60,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5564	CLARISHEALTH, INC	57,816.28	DEC. 2024 CONSULTING SERVICES	ADMINISTRATION
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	56,656.00	2025 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T5337	CAZADOR CONSULTING GROUP INC	55,750.44	DEC. 2024 TEMPORARY HELP - (1) PHM: (22) MS: (1) ME: (1) HE	VARIOUS
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	53,355.00	DEC. 2024 & JAN. 2025 JANITORIAL SERVICES	CORPORATE SERVICES
T5890	DELTA DENTAL OF CALIFORNIA	51,677.71	JAN. 2025 EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	49,367.16	DEC. 2024 TEMPORARY HELP - (9) MS: (3) ME	VARIOUS
WT/ACH	PAYPRO ACH	47,382.96	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4237	CITIUS HEALTHCARE CONSULTING, LLC	45,262.50	DEC. 2024 CONSULTING SERVICES	VARIOUS
T5509	NGUYEN CAO LUU-TRONG	42,900.00	NOV. 2024 CONSULTING SERVICES	HEALTH SERVICES - UTILIZATION MANAGEMENT
T6142	GREAT PLACE TO WORK INSTITUTE, INC	41,995.00	EMPLOYEE ENGAGEMENT SURVEY ACCELERATE PACKAGE	HUMAN RESOURCES

KERN • HEALTH  
SYSTEMS

January AP Vendor Report  
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T2584	UNITED STATES POSTAL SVC. - HASLER	40,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T6100	SYMLR	35,515.73	ANNUAL CREDENTIALING AND SOFTWARE LICENSE	HEALTH SERVICES - UTIL REVIEW
T5321	TYK TECHNOLOGIES LTD	34,000.00	SELF MANAGED ARCHITECTURE PLAN 2024/2025	MIS INFRASTRUCTURE
T3088	GLEN BROWN CONSULTING	31,387.50	DEC. 2024 CONSULTING	CAPITAL PROJECT
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	30,000.00	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES - QI
T4501	ALLIED UNIVERSAL SECURITY SERVICES	29,401.98	DEC. 2024-JAN. 2025 ONSITE SECURITY	CORPORATE SERVICES
T5738	INSURICA - WALTER MORTENSEN INSURANCE	28,406.00	2023-2024 WORKERS COMPENSATION AUDIT	ADMINISTRATION
T6179	BPM LLP	27,052.14	CONSULTING SERVICES - ERP SOFTWARE ADVISORY	CAPITAL PROJECT
T4452	WELLS FARGO ACH	25,423.03	ACH- JAN MISC CREDIT CARD PURCHASES	VARIOUS
T2167	PG&E	24,627.63	DEC. 2024 UTILITIES	CORPORATE SERVICES
T4731	GO TO TECHNOLOGIES, INC	22,737.00	LOGMEIN RESCUE SUBSCRIPTION 2.2025-1.2026	MIS INFRASTRUCTURE
T4934	APPLE INC.	22,229.90	(4) MACBOOKS, MAGIC MOUSE & MAGIC KEYBOARDS	CAPITAL PROJECT
T5319	CITIUSTECH INC.	21,250.00	FAST + MAINTENANCE & SUBSCRIPTION Q3 2024	MIS INFRASTRUCTURE
T5318	CANONICAL GROUP LIMITED	20,720.00	(35) UBUNTU PRO LICENSES 10.2024-9.2025	MIS INFRASTRUCTURE
T5988	WASCO UNION HIGH SCHOOL DISTRICT	20,000.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH SERVICES - WELLNESS & PREVENTION
		<u>6,773,902.34</u>		
	TOTAL VENDORS OVER \$20,000	6,773,902.34		
	TOTAL VENDORS UNDER \$20,000	730,800.74		
	TOTAL VENDOR EXPENSES- JANUARY	<u>\$ 7,504,703.08</u>		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January 2024</b>							
Press Ganey/SPH Analytics	\$81,696.00	Yes	ECM	Loni Hill-Pirtle	ECM Member Satisfaction Survey	1/1/2024	12/31/2026
Michael Nguyen	\$197,500.00	Yes	HE	Traco Matthews	Health Equity Strategic Guidance and Cultural Insights Services	1/1/2024	12/31/2024
Harte Hanks	\$198,064.00	Yes	MS	Nate Scott	Up to (3,200) New Member Welcome calls	1/1/2024	12/31/2024
Entysis360	\$51,837.28	Yes	IT	Richard Pruitt	(52) licenses for VMware maintenance & technical support	1/1/2024	12/31/2024
GHA Technologies	\$71,550.61	Yes	IT	Richard Pruitt	Fotinet-Fortigate Maintenance & Support for Security Appliances	1/1/2024	12/31/2024
Gartner	\$189,765.00	Yes	IT	Richard Pruitt	Executive Program Leadership licenses (3)	1/1/2024	12/31/2024
Moss Adams	\$143,334.50	Yes	CLM	Robin Dow-Morales	Claims Audit Tool	1/1/2024	12/31/2026
The Granger Network	\$198,800.00	Yes	HR	Alan Avery	Front Lines Activation and Manager Bootcamp	1/1/2024	6/30/2024
BG Healthcare	\$199,000.00	Yes	QI	Dr. Martha Tasinga	Consulting services for the QI dept	1/1/2024	12/31/2024
BG Healthcare	\$199,000.00	Yes	PHM	Michelle Curiouso	Consulting services for the PHM dept	1/1/2024	12/31/2024
HD Dynamics	\$50,000.00	Yes	PNM	Amisha Pannu	Consulting services for CRM process	1/2/2024	12/31/2024
Poppyrock	\$120,000.00	Yes	MRKT	Louie Iturriria	KHS & KFHC Graphic Design	1/2/2024	12/31/2025
CEI	\$199,920.00	Yes	COSA	Josh Hosch	Business Analyst for UM team	1/2/2024	12/31/2024
Reliable Janitorial	\$199,008.00	Yes	CS	Andrea Hylton	Janitorial services	1/11/2024	1/10/2025
CAQH	\$50,000.00	Yes	PNM	Amisha Pannu	Acess to real-time Provider applications (ProView)	1/25/2024	1/24/2025
CDW-G	\$67,761.50	Yes	IT	Richard Pruitt	All Adobe licenses annual renewal (257)	1/26/2024	1/25/2025
TEKSystems	\$78,000.00	Yes	HR	Devin Brown	HRIS Analyst for HR DEPT	1/30/2024	7/30/2024
<b>February 2024</b>							
Clinica Sierra Vista	\$145,000.00	Yes	HE	Isabel Silva	MOU	2/1/2024	1/31/2025
BG Healthcare	\$81,000.00	Yes	UM	Dr. Tasinga	Consulting services for the UM dept	2/6/2024	5/5/2024
Diligent Corporation	\$50,000.00	Yes	CPL	Deborah Murr	Compliance Training Material	2/7/2024	2/6/2027
SPH Analytics	\$63,809.00	Yes	BH	Melinda Santiago	ECHO 3.0 (Behavioral Health) Satisfactions Survey	2/7/2024	2/6/2027
Coffey Communications	\$170,000.00	Yes	HE	Isabel Silva	Printing of Member Newsletters	2/15/2024	2/14/2025
CDW-G	\$111,495.80	Yes	IT	Richard Pruitt	Nutanix renewal co-termed	2/17/2024	1/23/2026
Sprout Social	\$145,264.00	Yes	MRKT	Louie Iturriria	Social Media Vigilance software	2/23/2024	2/25/2025
Axios HQ	\$59,040.00	Yes	MRKT	Louie Iturriria	Internal AI Communication Software for Marketing team	2/23/2024	2/22/2026
LanguageLine	\$90,000.00	Yes	HE	Isabel Silva	Interpreting services	2/28/2024	2/27/2025
<b>March 2024</b>							
Gartner	\$184,800.00	Yes	HR	Devin Brown	Gartner Advisory licenses for HR team	3/1/2024	2/28/2025
Serrano Advisors	\$119,000.00	Yes	ECM	Dr. Tasinga	Staff Augmentation Services	3/1/2024	8/31/2024
TEKSystems	\$198,432.00	Yes	COSA	Josh Hosch	One (1) Solution Architect & Analyst Resoucee	3/4/2024	12/31/2024
HMA	\$199,000.00	Yes	Acct	Veronica Barker	Actuarial services (RTD, Rate Analyst, & SDR's)	3/6/2024	3/5/2025
TEKSystems	\$193,752.00	Yes	UM	Dr. Tasinga	Reports & Dashboard Analyst for UM dept.	3/18/2024	12/31/2024
Dell	\$65,909.11	Yes	IT	Richard Pruitt	Dell 5540 laptops (30) & monitors (32)	3/25/2024	3/23/2028
SAI360	\$159,070.00	Yes	CPL	Deb Murr	Policy Management Platform	3/28/2024	3/27/2026
<b>April 2024</b>							
Coffey Communications	\$92,944.00	Yes	MRKT	Louie Iturriria	Digital renewal agreement for KHS website	4/1/2024	3/31/2026
Imagenet	\$197,000.00	Yes	CLM	Robin Dow-Morales	OCR services	4/4/2024	4/3/2027
The SSI Group	\$70,000.00	Yes	CLM	Robin Dow-Morales	EDI Claims & Electronic Remittance	4/4/2024	4/5/2026
Dell	\$78,927.60	Yes	IT	Richard Pruitt	Microsoft Defender for Servers Standard P2 Node	4/16/2024	12/31/2024
Dell	\$61,480.00	Yes	IT	Richard Pruitt	Dell monitors (50) & Laptops (25)	4/24/2024	4/24/2028

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
Entysis360	\$162,227.40	Yes	IT	Richard Pruitt	Rubrik renewal of premium support for enterprise edition software and hardware for a co-term	4/29/2024	4/28/2025
<b>May 2024</b>							
BG Healthcare	\$118,000.00	Yes	UM	Dr. Tasinga	Consulting services for UM team	5/6/2024	12/31/2024
<b>June 2024</b>							
Relay Network	\$199,999.00	Yes	IT	Richard Pruitt	Mobile Communication Platform, Unlimited Texting	6/1/2024	5/31/2025
The Granger Network	\$197,500.00	Yes	HR	Devin Brown	Advance Leadership Development	6/1/2024	1/31/2025
Milliman	\$199,000.00	Yes	ACCT	Veronica Barker	Actuarial Services	6/1/2024	5/31/2025
Context4 Healthcare	\$97,775.15	Yes	IT	Richard Pruitt	ICD-10 Coding software	6/27/2024	6/27/2025
HMA	\$30,681.00	Yes	PNM	Amisha Pannu	Timely Access Validation renewal	6/1/2024	5/31/2025
Bitfocus	\$190,692.67	Yes	IT	Richard Pruitt	Clarity Human Services SaaS	6/22/2024	6/21/2025
TWE Solutions	\$101,040.00	Yes	IT	Richard Pruitt	24x7 Security Monitoring	6/23/2024	6/22/2025
SS&C	\$73,500.00	Yes	PHARM	Bruce Wearda	Rx Claims Processing	6/1/2024	12/31/2024
LDP	\$122,850.00	Yes	CS	Andrea Hylton	UPS Battery Replacement & Service Plan	6/21/2024	6/20/2027
Ignite Healthwise	\$146,062.26	Yes	HE	Isabel Silva	Care Management & Digital Experience w/ Patient Instructions Add-on	6/5/2024	6/4/2025
Caravel	\$189,365.00	Yes	ACCT	Veronica Barker	Financial Advisory Services	6/25/2024	6/24/2026
Dell	\$186,443.39	Yes	IT	Richard Pruitt	Microsoft Unified Enterprise Support	6/15/2024	6/14/2025
<b>July 2024</b>							
California Health Collaborativ	\$84,000.00	Yes	HE	Isabel Silva	Diabetes Prevention and Diabetes Empowerment and Education Program (DEEP & DPP)	7/1/2024	6/30/2025
Bakersfield American Indian I	\$90,000.00	Yes	HE	Isabel Silva	MCP Tribal Liaison	7/1/2024	6/30/2025
Commgap	\$190,000.00	Yes	HE	Isabel Silva	In-person interpreting services	7/6/2024	7/5/2026
JDM	\$119,040.00	Yes	HE	Richard Pruitt	Data Extraction & Transformation Solution	7/1/2024	6/30/2025
Solution Bench	\$190,000.00	Yes	IT	Richard Pruitt	M-Files Subscription Base Licensing	7/24/2024	7/23/2026
<b>August 2024</b>							
The Granger Network	\$198,750.00	Yes	HR	Devin Brown	Leadership Development and Consulting Services	8/1/2024	7/31/2025
Blackhawk	\$65,000.00	Yes	ME	Lela Criswell	Member Gift cards, Amendment	8/7/2024	12/31/2024
Symplr	\$67,512.48	Yes	UM	Dr Tasinga	Knowledge library for new medical procedures	8/1/2024	7/31/2027
Preparis	\$107,093.84	Yes	CS	Andrea Hylton	Increase to Preparis alerts	8/19/2024	12/27/2026
<b>September 2024</b>							
Gartner	\$72,390.00	Yes	Comp	Deb Murr	Gartner Compliance Licenses	9/1/2024	8/31/2025
The Periscope Group	\$162,000.00	Yes	UM	Christine Pence	In-home Assesment Visits to Members	9/5/2024	9/4/2025
Clearlink	\$180,400.00	Yes	UM	Christine Pence	Consulting Services	9/6/2024	Until exhausted
Pathfinder	\$92,000.00	Yes	IT	Joe Orlando	3rd Party Risk Assessment	9/16/2024	9/15/2025
Tek Systems	\$77,100.00	Yes	IT	Joe Orlando	ITSM Assessment	9/23/2024	12/6/2024
RWS	\$72,685.00	Yes	IT	Joe Orlando	Translation Tool- cloud based	9/24/2024	9/23/2027
<b>October 2024</b>							
Maranatha Landscaping	\$88,200.00	Yes	CS	Andrea Hylton	Landscaping and Garedning Services	10/17/2024	10/16/2027
AT&T	\$97,404.00	Yes	IT	Joe Orlando	Secondary Azure	10/18/2024	10/17/2027
GHA Technologies	\$66,322.99	Yes	IT	Cesar Delgado	Fontinet Fortigate Renewal	10/31/2024	12/31/2025
<b>November 2024</b>							
Payscale	\$64,260.00	Yes	HR	Devin Brown	Compensation Study and Salary Analytics	11/24/2024	11/23/2027
Tel-Tec	\$52,680.00	Yes	CS	Andrea Hylton	Annual Service and Monitoring Agreement for three years	11/1/2024	10/31/2027
The Granger Network	\$198,000.00	Yes	HR	Devin Brown	2025 Readiness	11/21/2024	9/30/2025

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
ADS	\$110,100.00	Yes	CS	Andrea Hylton	Storage management and onsite shredding	11/1/2024	10/31/2026
Blackhawk	\$130,000.00	Yes	ME	Louie Iturriria	Gift Cards, Amendment for extension	11/1/2024	6/30/2025
Health Literacy	\$61,850.00	Yes	IT	Darin Moore	Health Literacy adviser tool	11/11/2024	11/10/2025
Dell	\$56,381.57	Yes	IT	Cesar Delgado	(13) Developer laptops	11/25/2024	11/24/2028
<b>December 2024</b>							
SPH Analytics	\$60,900.00	Yes	HE	Isabel Silva	Translation Services Member Satisfaction Survey	12/10/2024	12/9/2026
Dell	\$56,381.57	Yes	IT	Cesar Delgado	(13) Developer laptops	11/25/2024	11/24/2028
BDO	\$71,500.00	Yes	IT	Cesar Delgado	Data Governance assessment	12/9/2024	2/3/2025
CitiusTech	\$102,575.00	Yes	IT	Cesar Delgado	FHIR System	12/15/2024	12/15/2025
<b>January 2025</b>							
LinkedIn	\$180,900.00	Yes	HR	Devin Brown	Online Training Course Lincenses	1/1/2025	12/31/2026
LinkedIn	\$188,659.83	Yes	HR	Devin Brown	Hiring Enterprise Program	1/1/2025	1/1/2028
MetaStar	\$56,700.00	Yes	QP	Kailey Collier	NCQA HEDIS Compliance Audit	1/1/2025	12/31/2027
Cloudera	\$77,940.10	Yes	IT	Cesar Delgado	Data Lineage Software	1/1/2025	12/31/2025
Gartner	\$184,800.00	Yes	HR	Devin Brown	HR licensing	1/1/2025	12/31/2025
Aobe	\$89,807.52	Yes	IT	Cesar Delgado	Pro DC, Photoshp, Indesign, etc.	1/27/2025	12/26/2026

2024 PROJECT CONSULTING PROFESSIONAL SERVICES																	
ITEM	PROJECT	CAP/EXP	BUDGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD TOTAL	REMAINING BALANCE
1	Member Engagement Platform	CAP	\$ 2,078,861	\$ 49,106	\$ 434,335	\$ 43,576	\$ 67,939	\$ 107,616	\$ 96,594	\$ 115,174	\$ 89,982	\$ 64,820	\$ 61,429	\$ 35,280	\$ 37,240	\$ 1,203,088	\$ 875,773
2	DSNP	CAP	\$ 4,232,682	\$ 24,075	\$ 23,625	\$ 18,675	\$ 22,193	\$ 26,025	\$ 22,050	\$ 24,638	\$ 10,725	\$ 23,813	\$ 9,563	\$ 21,428	\$ 18,375	\$ 245,183	\$ 3,987,499
3	HIE	CAP	\$ 1,250,870	\$ 18,000	\$ 32,152	\$ 45,024	\$ 25,168	\$ 24,024	\$ 22,880	\$ 24,024	\$ 24,453	\$ 22,880	\$ 25,168	\$ 20,592	\$ -	\$ 284,365	\$ 966,505
4	Artificial Intelligence	CAP	\$ 534,560	\$ 29,496	\$ 29,411	\$ 31,378	\$ 31,509	\$ 31,290	\$ 28,008	\$ 28,271	\$ 29,846	\$ 28,621	\$ 33,960	\$ 24,595	\$ 25,207	\$ 351,591	\$ 182,969
5	PHI Data Visibility & Security	CAP	\$ 588,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 588,016
6	CBO Electronic Medical Record System	CAP	\$ 777,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 777,550
7	Policy Management System	CAP	\$ 267,280	\$ -	\$ -	\$ -	\$ 22,000	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 243,280
8	Accounting System Review	CAP	\$ 245,898	\$ 20,875	\$ 19,250	\$ 18,372	\$ 19,250	\$ 21,750	\$ 16,188	\$ 20,375	\$ 18,563	\$ 19,875	\$ 21,250	\$ 1,000	\$ -	\$ 196,747	\$ 49,151
	<b>CAPITAL TOTALS</b>		<b>\$ 9,975,716</b>	<b>\$ 141,552</b>	<b>\$ 538,773</b>	<b>\$ 157,024</b>	<b>\$ 188,058</b>	<b>\$ 212,705</b>	<b>\$ 185,720</b>	<b>\$ 212,481</b>	<b>\$ 173,568</b>	<b>\$ 160,008</b>	<b>\$ 151,369</b>	<b>\$ 102,894</b>	<b>\$ 80,822</b>	<b>\$ 2,304,973</b>	<b>\$ 7,670,744</b>
9	IT Staff Augmentation	EXP	\$ 1,388,680	\$ 658,391	\$ 669,659	\$ 747,729	\$ 768,752	\$ 785,756	\$ 660,557	\$ 703,801	\$ 678,919	\$ 632,317	\$ 619,956	\$ 509,269	\$ 430,382	\$ 7,865,489	\$ (6,476,809)
10	PM Staff Augmentation	EXP	\$ 3,770,964	\$ 241,543	\$ 219,591	\$ 212,689	\$ 234,970	\$ 246,493	\$ 205,888	\$ 274,871	\$ 314,300	\$ 249,660	\$ 251,849	\$ 196,445	\$ 167,143	\$ 2,815,440	\$ 955,524
11	DSNP Staff Augmentation	EXP	\$ 4,252,032	\$ 21,769	\$ 22,915	\$ 23,345	\$ 24,777	\$ 24,419	\$ 20,767	\$ 23,345	\$ 23,775	\$ 22,772	\$ 26,352	\$ 20,051	\$ 21,197	\$ 275,484	\$ 3,976,548
12	NCQA (The Mihalik Group)	EXP	\$ 350,000	\$ 23,408	\$ 16,703	\$ 11,520	\$ 8,418	\$ 7,260	\$ 11,003	\$ 12,898	\$ 13,605	\$ 8,613	\$ 10,498	\$ 17,435	\$ 17,585	\$ 158,943	\$ 191,058
13	DSNP (Rebellis)	EXP	\$ 4,300,000	\$ 956	\$ 16,413	\$ 49,164	\$ 38,069	\$ 43,988	\$ 42,831	\$ 68,493	\$ 35,156	\$ 57,169	\$ 77,006	\$ 103,068	\$ 157,400	\$ 689,713	\$ 3,610,287
	<b>OPERATING EXPENSE TOTALS</b>		<b>\$ 14,061,676</b>	<b>\$ 946,067</b>	<b>\$ 945,280</b>	<b>\$ 1,044,447</b>	<b>\$ 1,074,985</b>	<b>\$ 1,107,916</b>	<b>\$ 941,046</b>	<b>\$ 1,083,408</b>	<b>\$ 1,065,755</b>	<b>\$ 970,530</b>	<b>\$ 985,661</b>	<b>\$ 846,267</b>	<b>\$ 793,707</b>	<b>\$ 11,805,068</b>	<b>\$ 2,256,608</b>