



# **KERN HEALTH SYSTEMS**

## **FINANCE COMMITTEE MEETING**

**Friday, December 12, 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, December 12, 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 SILENCE ALL CELL PHONES AND ELECTRONIC DEVICES  
DURING MEETING.**

#### **COMMITTEE TO RECONVENE**

Members: Elliott, Bowers, 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

**Agenda**

Finance Committee Meeting  
Kern Health Systems

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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))

FINANCIAL MATTERS

- CA-3) Minutes for Kern Health Systems Finance Committee meeting on October 17, 2025 -  
APPROVE
- 4) Presentation by Baker Tilly (formerly Moss Adams) on 2025 Audit Planning (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Report on Kern Health Systems investment portfolio for the third quarter ending September 30, 2025 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 6) Proposed reinsurance policy with Partner RE to mitigate costs incurred by Kern Health Systems for members with high dollar inpatient admissions from January 1, 2026 through December 31, 2026 (Fiscal Impact: \$5,900,000 estimated; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 7) Proposed Kern Health Systems 2026 Operating and Capital Budgets (Fiscal Impact: None) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 8) Proposed Budget Request for 2026 Project Consulting Professional Services, from January 1, 2026 through December 31, 2026 (Fiscal Impact: \$7,800,010 Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS



**Agenda**

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Kern Health Systems

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- 9) Proposed Increase in the Not-to Exceed amount with Cognizant by \$600,840 from \$6,607,387 to \$7,208,227 to adjust maintenance and support fees with Cognizant, reflecting corrected membership counts and ensuring accurate annual billing for the contract term from September 11, 2025, through September 10, 2029 (Fiscal Impact: \$600,840 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 10) Proposed Increase in the Not-to Exceed amount with Crowe by \$300,000 from \$1,585,000 to \$1,885,000 for additional Implementation Costs, the Crowe Government Accelerator Software and Expense Management and Crowe Contract Manager modules relating to the new Accounting Enterprise Resource Planning System from January 1, 2026, through November 30, 2030 (Fiscal Impact: \$300,000 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 11) Proposed New Agreement with DELL, with a Not-to-Exceed amount of \$2,000,000 for the replacement of core server infrastructure with Dell hardware, enabling flexible scaling of compute and storage resources, for a three (3) year term from January 1, 2026 through December 31, 2029 (Fiscal Impact: \$2,000,000 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 12) Proposed New Agreement with Microsoft, with a Not-to-Exceed amount of \$225,000 for Unified Support Services, which provide enterprise-wide access to Microsoft experts, proactive optimization, and rapid issue resolution to ensure reliability and maximize value across all Microsoft technologies, for a one (1) year term from January 1, 2026 through December 31, 2026 (Fiscal Impact: \$225,000 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 13) Proposed Contract Extension with Zipari increasing the Not-to Exceed amount by \$237,456 from \$2,709,572 to \$2,947,028 for the Member and Provider Portal for four (4) months from January 1, 2026, through April 30, 2026 (Fiscal Impact: \$237,456 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- CA-14) Proposed Contract Extension with CitiusTech increasing the Not-to Exceed amount by \$37,500 from \$853,880 to \$891,380 for FHIR licensing, software and support for three (3) months from December 18, 2025, through March 31, 2026 (Fiscal Impact: \$37,500 over the term of the contract; Budgeted) –  
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 15) Report on Kern Health Systems financial statements for September 2025 and October 2025 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

**Agenda**

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- 16) Report on Tangible Net Equity and Liquidity Test as of September 30, 2025 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 17) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for September 2025 and October 2025 and IT Technology Consulting Resources for the period ended September 30, 2025 (Fiscal Impact: None) –  
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, FEBRUARY 13, 2026 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 Board of Directors may request assistance at the Kern Health Systems office, 2900 Buck Owens Boulevard, Bakersfield, California 93308 or by calling (661) 664-5010. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

## SUMMARY

### FINANCE COMMITTEE MEETING

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

**Friday, October 17, 2025**

**8:30 A.M.**

#### COMMITTEE RECONVENED

Members: Elliott, Bowers, Turnipseed, Watson  
ROLL CALL: 3 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))  
**NO ONE HEARD.**

**SUMMARY**

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**FINANCIAL MATTERS**

- CA-3) Minutes for Kern Health Systems Finance Committee meeting on August 8, 2025 -  
APPROVED

**Turnipseed-Waston: 3 Ayes; 1 Absent - Bowers**

- 4) Proposed Contract Extension with Edifecs increasing the Not-to-Exceed amount by \$988,852 from \$1,045,332 to \$2,034,184 for the Electronic Data Interchange (EDI) platform to process a wide range of electronic transactions, including claims, laboratory data, pharmacy records, and eligibility files, for a three (3) year term from December 20, 2025 through December 19, 2028 (Fiscal Impact: \$988,852 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Waston-Turnipseed: 3 Ayes; 1 Absent - Bowers**

- CA-5) Proposed Increase in the Not-to Exceed amount with ZeOmega by \$72,313 from \$3,918,001 to \$3,990,314 for the True-Up of the higher than expected additional member population being managed in Jiva that is above the current contracted amount from November 12, 2024, through November 11, 2025 (Fiscal Impact: \$72,313 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Turnipseed-Waston: 3 Ayes; 1 Absent - Bowers**

- 6) Proposed Contract Extension with TriZetto Provider Solutions, LLC increasing the Not-to Exceed amount by \$719,452, from an estimated \$285,000 to \$1,004,452 for the processing of standard electronic health care claims from September 6, 2025, through September 5, 2028 (Fiscal Impact: \$719,452 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Turnipseed-Waston: 3 Ayes; 1 Absent - Bowers**

NOTE: DIRECTOR BOWERS ARRIVED AT 8:35 AM; AFTER THE VOTE ON ITEM 6

- 7) Proposed Increase in the Not-to Exceed amount with mPulse by \$386,880 from \$5,966,116 to \$6,352,996 for enhancing the texting Program Manager with two (2) Activators in the Provider and Member Portal for a three (3) year term from January 1, 2026, through December 31, 2028 (Fiscal Impact: \$386,880 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Turnipseed-Bowers: 4 Ayes**

- CA-8) Proposed Increase in the Not-to Exceed amount with Symplr by \$197,077 from \$157,672 to \$354,749 for year 3 of a 3-year subscription to the Hayes Knowledge Center from August 1, 2024, through July 31, 2027 and years 2 and 3 of a 3-year term of the licensing agreement for the KHS Network Provider credentialing system migration from on-premises to the Symplr cloud solution from June 3, 2025, through July 31, 2027 (Fiscal Impact: \$197,077 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Turnipseed-Waston: 3 Ayes; 1 Absent - Bowers**

**SUMMARY**

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- 9) Proposed New Agreement with Zelis Healthcare, LLC, with a Not-to-Exceed amount of \$1,950,000 (\$123,959 for D-SNP and \$1,826,041 for Medi-Cal), for the migration of services for electronic payment processing from on-premises to the cloud version, and also adding provider payment services for D-SNP, for a three (3) year term from December 20, 2025 through December 19, 2028 (Fiscal Impact: \$1,950,000 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Bowers-Watson: 4 Ayes**

- 10) Proposed New Agreement with Helpcare AI, with a Not-to-Exceed amount of \$1,480,000 for an Artificial Intelligence calling agent for member outreach, for a one (1) year term from October 24, 2025 through October 23, 2026 (Fiscal Impact: \$1,480,000 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Bowers-Elliott: 4 Ayes**

- CA-11) Proposed Increase in the Not-to Exceed amount with Carenet Health by \$200,000 from \$1,495,200 to \$1,695,200 for 24/7/365 Nurse Triage Services for the remaining term of the contract through November 1, 2025 (Fiscal Impact: \$200,000 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Turnipseed-Waston: 3 Ayes; 1 Absent - Bowers**

- 12) Proposed New Agreement with Carenet Health, with a Not-to-Exceed amount of \$1,671,600 for 24/7/365 Nurse Triage Services, for a three (3) year term from November 2, 2025 through November 1, 2028 (Fiscal Impact: \$1,671,600 over the term of the contract; Budgeted) – APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

**Bowers-Watson: 4 Ayes**

- 13) Report on Kern Health Systems financial statements for July 2025 and August 2025 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

**Bowers-Watson: 4 Ayes**

- 14) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for July 2025 and August 2025 and IT Technology Consulting Resources for the period ended July 31, 2025 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

**Bowers-Watson: 4 Ayes**

ADJOURN TO FRIDAY, DECEMBER 12, 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:** Audit Planning Presentation to the Finance Committee  
**DATE:** December 12, 2025

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### **Background**

Auditing standards require auditors to communicate with the Finance Committee regarding certain matters related to the conduct of an audit and to obtain certain information from the Finance Committee relevant to the audit. These standards also require that the auditor establish an understanding of the terms of the audit engagement with the Finance Committee.

### **Discussion**

Representatives from Baker Tilly (formerly Moss Adams) will be covering the following items in their 2025 Audit Entrance Meeting from the attached power-point presentation:

- Service Team
- Scope of Services
- Auditor's Responsibility in a Financial Statement Audit
- Significant Risks Identified
- Risks Discussion
- Consideration of Fraud
- Audit Timeline
- Audit Deliverables
- Expectations
- Documents Containing Audited Financial Statements and Independent Auditor's Report

### **Requested Action**

Receive and File; Refer to KHS Board of Directors.



# Kern Health Systems

## **2025 Audit Planning**

### Discussion with Management and the Finance Committee

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# Agenda

1. Your Service Team
2. About Baker Tilly
3. Scope of Services
4. Auditor's Responsibility in a Financial Statement Audit
5. Significant Risks Identified
6. Risks Discussion
7. Consideration of Fraud in a Financial Statement Audit
8. Audit Timeline
9. Audit Deliverables
10. Expectations
11. Documents Containing Audited Financial Statements and Independent Auditor's Report
12. Recent Accounting Developments
13. Executive Session



## Your Service Team



**Stelian Damu**  
*Audit Engagement Principal*

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**Aparna Venkateswaran**  
*Concurring Review Principal*

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**Ashley Merda**  
*Audit Senior Manager*

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**Caitlyn McPherson**  
*Audit In-Charge*

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(310) 295-3729

**Other team members:**

Danila Afonin  
*Assurance Staff*  
Desiree Osias  
*Assurance Staff*

## ABOUT BAKER TILLY

# Firm background

At Baker Tilly, we bring a legacy and commitment to helping our clients embrace what's next.

With more than 11,000 professionals from coast to coast, our resources fuel our ability to offer clients deep industry insights, bold thinking and holistic solutions. Our ranking as the sixth-largest advisory CPA firm means we're actively shaping the industry landscape across markets.



**6<sup>th</sup>**  
largest U.S.  
accounting firm



**100+**  
years in  
business



**11,000+**  
team members,  
1,000+ principals



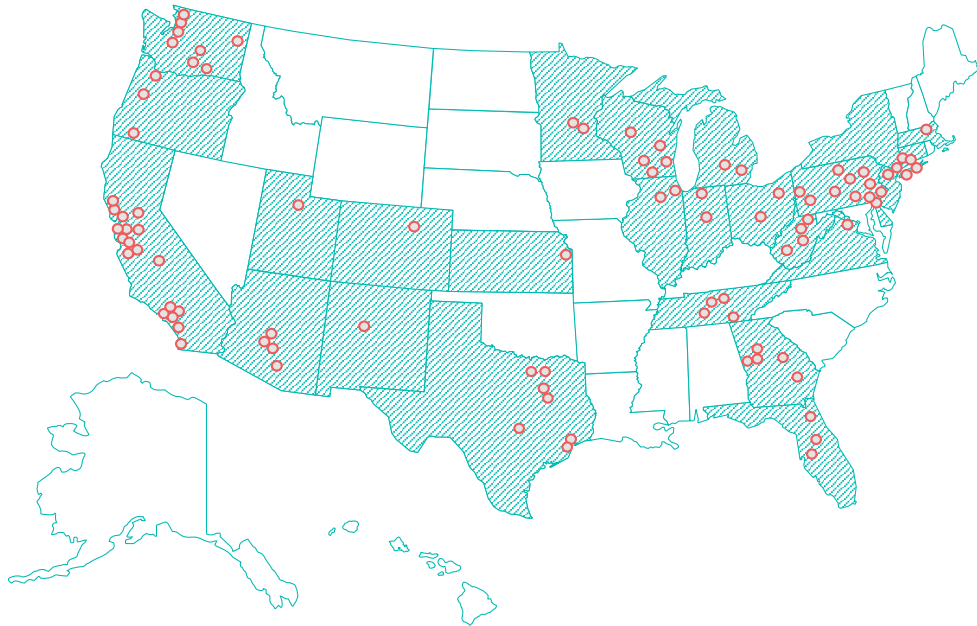
**~3,400**  
Certified Public  
Accountants



**\$3B+**  
firm revenue  
in FY2024



**700+**  
worldwide  
office locations



# Health care advisory 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 emerging needs—both now and in the future.

Health Care Consulting		
STRATEGY & INTEGRATION	PROVIDER REIMBURSEMENT ENTERPRISE SERVICES	GOVERNMENT COMPLIANCE
Provider risk analysis, contracting & operational design	Medicare & Medicaid	Regulatory compliance
M&A support	Provider-based licensure & certification	Coding validation
Feasibility studies	Medical education	Coding department redesign
Market intelligence & benchmarking	Uncompensated care	EHR internal controls
Strategic planning & implementation	Wage index reviews	Corporate compliance
Managed care assessment & negotiation	Contract compliance	
Service line enhancement & analyses		
INFORMATION TECHNOLOGY	OPERATIONAL IMPROVEMENT	LEAN TRANSFORMATION
HIPAA security & privacy	Revenue cycle enhancement	3P & innovation
Network security & penetration testing	Claims recovery	Lean strategic planning & strategy deployment (hoshin kanri)
HITRUST assessment & certification	Litigation support	Lean management systems & operations
Disaster recovery planning	Employer health benefits	Quality & patient safety
PCI DSS audits	Financial turnaround	Internal infrastructure development
SOC pre-audit gap analysis & readiness	Performance excellence	
SOC audits	Valuations	



## Insights and Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and are presented in the format that fits your life.

We'll keep you informed to help you stay abreast of critical industry issues.

Baker Tilly 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.

We also offer CPE webinars and events, which are archived and available on demand, allowing you to watch them on your schedule.

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2024 Baker Tilly US, LLP



# Scope of Services

Relationships between Baker Tilly and Kern Health Systems:

## Annual Audit

- Annual financial statement audit for the year ending December 31, 2025.

## Non-Attest Services

- Assist management with drafting the financial statements for the year ending December 31, 2025, except for management's discussion and analysis section.
- Provide Claims Audit Tool (CAT) software maintenance and support services.
- Assist management with the Enterprise Risk Management Program.



# Auditor's Responsibilities in a Financial Statement Audit

Auditor is responsible for:

- Forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with U.S. generally accepted accounting principles;
- Performing an audit in accordance with generally accepted auditing standards issued by the AICPA and GAGAS (Generally Accepted Government Auditing Standards);
- Communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you; and
- When applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.

The audit of the financial statements doesn't relieve management or you of your responsibilities.

The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.

# Significant Risks Identified

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

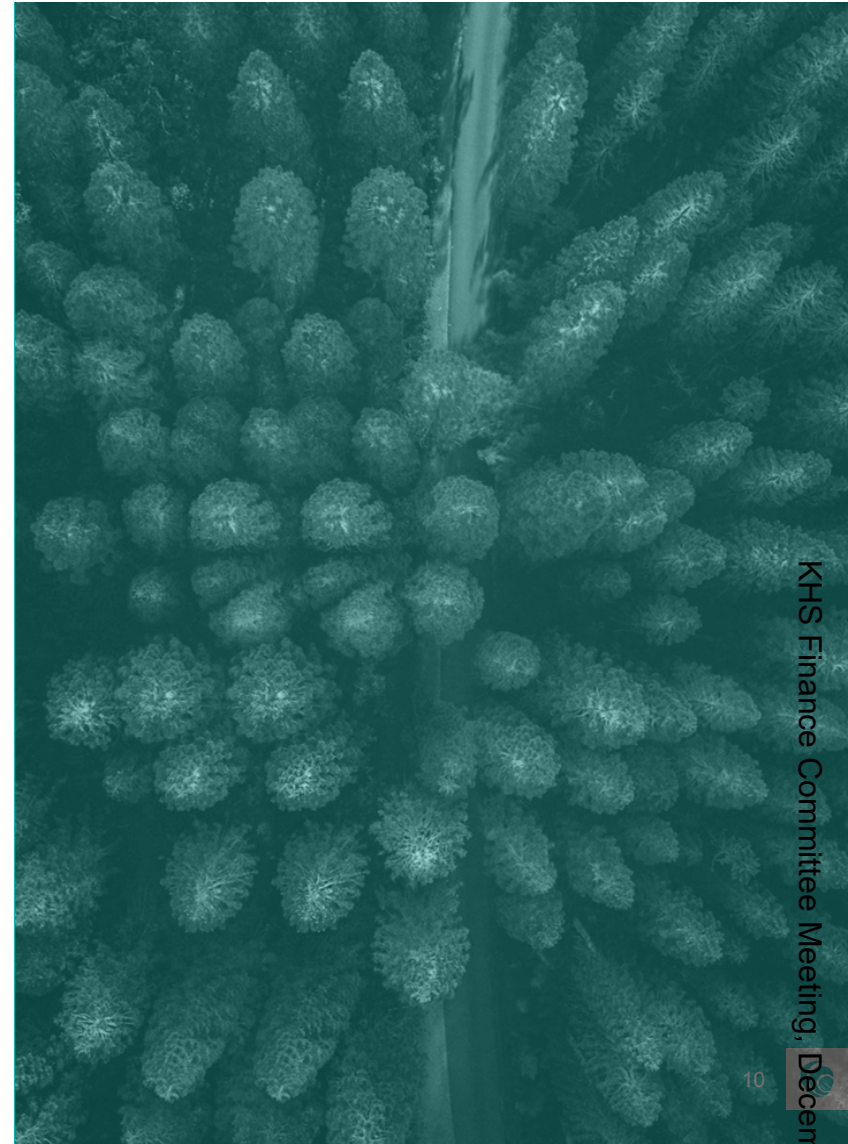
Significant Risks	Procedures
<b>Medical claims liability and claims expense</b>	<ul style="list-style-type: none"> <li>• Test the internal controls for claims payments and provider capitation systems</li> <li>• Test the data used by the actuary to estimate the claims liability and review the experience and qualifications of the actuary</li> <li>• Perform a retrospective review of the prior year's claims liability</li> </ul>
<b>Capitation revenue and receivables</b>	<ul style="list-style-type: none"> <li>• Develop independent expectations of revenue using membership data and rates</li> <li>• Obtain an understanding of Management's reserve methodology and validate key inputs through our audit procedures</li> <li>• Verify subsequent receipt of cash and other substantive procedures</li> </ul>
<b>Amounts due to the State of California or DHCS</b>	<ul style="list-style-type: none"> <li>• Test the provider capitation and other accrual calculations and agree amounts accrued to subsequent payments</li> <li>• Obtain an understanding of the nature of the amounts payable to the State of California</li> <li>• Test inputs into the estimates used to calculate the amounts due</li> </ul>








# Risks Discussion

1. What are your views regarding:
  - Kern Health Systems' objectives, strategies, and business risks that may result in material misstatements
  - Significant communications between the entity and regulators
  - Attitudes, awareness, and actions concerning:
    - Kern Health Systems' internal control and importance
    - How those charged with governance oversee the effectiveness of internal control
    - Detection or the possibility of fraud
    - Other matters relevant to the audit
2. Do you have any areas of concern?



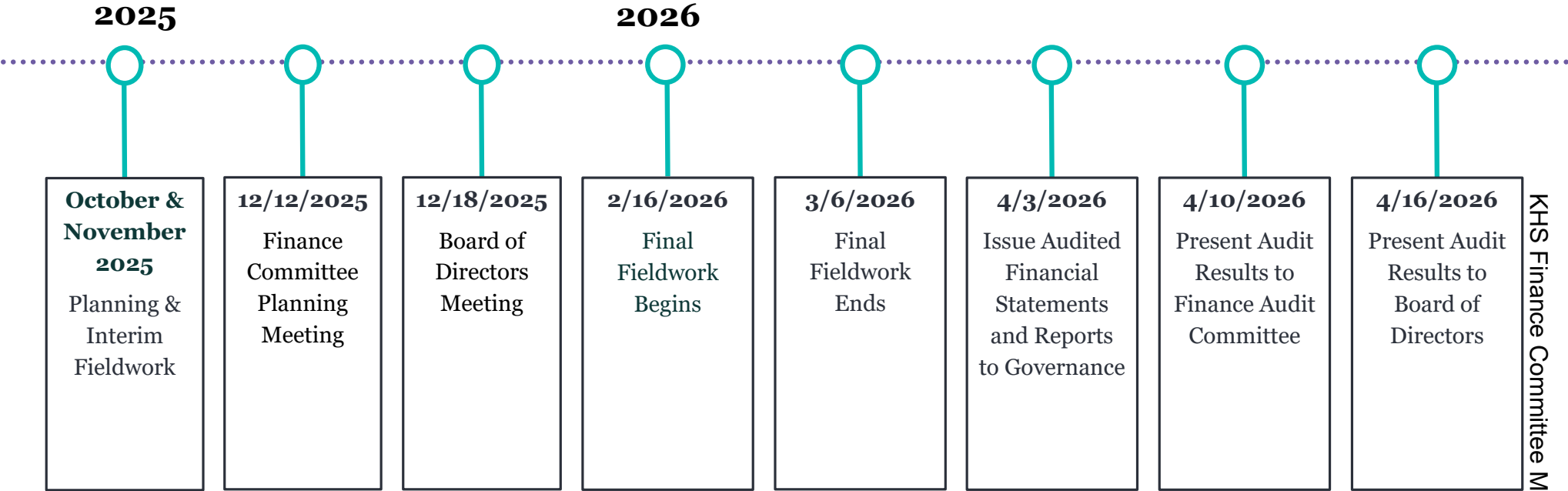
# Consideration of Fraud in a Financial Statement Audit

Auditor's responsibility: Obtain reasonable assurance that the financial statements are, as a whole, free from material misstatement – whether caused by fraud or error

	<b>Procedures to address the risk of fraud</b>	Engagement team discussion
	<b>Identify the risks of material misstatement due to fraud</b>	<ul style="list-style-type: none"> <li>• Perform procedures to address identified risks</li> <li>• Inherent limitation of an audit</li> </ul>
	<b>Unavoidable risk exists that some material misstatements may not be detected</b>	



# Audit Timeline



KHS Finance Committee Meeting, December 12, 2025

# Audit Deliverables



## Report of Independent Auditors

- On financial statements as of and for the year ending December 31, 2025
- On Internal Control over Financial Reporting and on Compliance and Other Matters



## Report to Management

(Communicating internal control-related matters identified in an audit)



## Report to Those Charged With Governance

(Communicating required matters and other matters of interest)

# Expectations

## Client will:

- Have no significant adjusting journal entries after beginning of field work.
- Close books and records before beginning of field work.
- Provide auditor requested information in CAP schedule by requested due dates.

## Baker Tilly will:

- Communicate proposed adjustments with Management when identified.
- Communicate control deficiencies with Management when identified.
- Discuss any additional fees over the estimate in engagement letter with Management.

# Documents Containing Audited Financial Statements and Independent Auditor's Report



Our responsibility under generally accepted auditing standards.



Request for advance notification when you intend to include audited financial statements and the independent auditor's report in a document.



Arrangements to obtain the other information prior to report issuance.



# Recent Accounting Developments

## RECENT ACCOUNTING DEVELOPMENTS

## Accounting Standards Update – GASB

Statement	Title	Effective
No. 102	<p><i>Certain Risk Disclosures</i> – 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.</p> <p>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.</p>	Fiscal years beginning after June 15, 2024 (Effective for FY25).
No. 103	<i>Financial Reporting Model Improvements</i> – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.	Fiscal years beginning after June 15, 2025 (Effective for FY26).
No. 104	<i>Disclosure of Certain Capital Assets</i> – State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class.	Fiscal years beginning after June 15, 2025 (Effective for FY26).





# Executive Session

The background of the slide features a series of concentric circles in various shades of dark blue and grey, creating a subtle, modern pattern.

# THANK YOU



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** Quarterly Review of Kern Health Systems Investment Portfolio  
**DATE:** December 12, 2025

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### **Background**

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

- Preservation of principal
- Liquidity
- Yield

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

#### **Short-Term Portfolio (Under 1 year)**

Funds held in this period are utilized to pay providers, meet operating expenses, fund capital projects, distribute pass-through monies, potential State premium recoupments, MCO Tax advances, and for amounts owed under various Risk Corridors. Extra liquidity is maintained in the event the State is late with its monthly capitation payment.

#### **Long-Term Portfolio (1-5 years)**

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

### **Requested Action**

Receive and File; Refer to KHS Board of Directors.

**Kern Health Systems  
Investment Portfolio  
30-Sep-25**

**Short Term Portfolio (under 1 year)**

Funds held in this time frame are typically utilized to pay providers, meet operating expenses, distribute pass-through monies, potential State premium recoupments and for amounts owed under various Risk Corridors. Extra liquidity is maintained in the event the State is late with its monthly capitation payment.

<u>Description</u>			<u>Dollar Amount</u>	<u>% of Portfolio</u>	<u>Maximum Allowed Per Policy</u>	<u>Approximate Current Yield</u>	<u>Liquidity</u>	<u>Principal Fluctuation</u>
Wells Fargo - Cash and Sweep Accounts	(1)	\$	4,900,000	1.09%	100%	2.50%	1 Day	None
Money Market Accounts	(A)	(1)	\$ 135,300,000	29.99%	40%	3.98%	1 Day	None
Local Agency Investment Fund (LAIF)	(B)	(2)	\$ 49,900,000	11.06%	50%	4.21%	2 Days	None
								Subject to Interest Rate
US T-Bills & Federal Agencies at Wells Fargo	(1)	\$	119,800,000	26.56%	100%	4.09%	1 Day	Fluctuations
								Subject to Interest Rate and Credit
KHS Managed Portfolio at Wells Fargo	(C)	(1)	\$ 8,400,000	1.86%		4.37%	3 Days	Fluctuations
Sub-Total			\$ 318,300,000	70.56%		4.04%		

**Long Term Portfolio (1 - 5 years)**

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

UBS Managed Portfolio	(D)	\$	79,000,000	17.51%		3.96%	3 Days	Subject to Interest Rate and Credit Fluctuations
								Subject to Interest Rate and Credit
KHS Managed Portfolio at Wells Fargo	(C)	\$	53,800,000	11.93%		4.50%	3 Days	Fluctuations
Sub-Total		\$	132,800,000	29.44%		4.18%		
<b>Total Portfolio</b>		<b>\$</b>	<b>451,100,000</b>	<b>100.00%</b>		<b>4.08%</b>		

<u>Yield Curve</u>	<u>Yield Curve</u>			
	<u>Treasuries</u>	<u>AA Corporate Bonds</u>	<u>A Corporate Bonds</u>	<u>CD's</u>
1 year	3.58%	3.77%	3.87%	3.60%
2 year	3.50%	3.68%	3.80%	3.65%
3 year	3.50%	3.71%	3.85%	3.65%
5 year	3.61%	3.88%	4.08%	3.75%

- (A) Money market fund comprised of US Treasury and Repurchase Agreement Obligations.
- (B) LAIF is part of a \$161.7 Billion Pooled Money Investment Account managed by the State Treasurer of CA. Majority of portfolio is comprised of Treasuries, CD's, Time Deposits and Commercial Paper.
- (C) High quality diversified portfolio comprising Federal Agency Securities and Corporate Bonds
- (D) High quality diversified portfolio comprising certificate of deposits, corporate bonds and notes, municipal securities and US Treasury Securities. Includes investments maturing in less than 1 year that will be re-invested for over 1 year at maturity.
- (1) Funds are utilized to pay providers, meet operating expenses, fund capital projects, distribute pass-through monies, potential State premium recoupments, MCO Tax advances, and for amounts owed under various Risk Corridors. Extra liquidity is maintained in the event the State is late with its monthly capitation payment.
- (2) Funds are primarily utilized to fund various Grant Programs and the CalPERS Liability



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Financial Advisor  
THE COHEN GROUP  
6616633200

# UBS Client Review

As of September 30, 2025

Report Prepared for: Kern Health Systems

Account Number	Account Name	Type
EX XX120	BOND PORTFOLIO	Portfolio Management Program
Risk profile:	Conservative	
Return Objective:	Current Income	

## What's inside

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## Portfolio Review

as of September 30, 2025

### Asset Allocation Review

	Value on 09/30/2025 (\$)	% of Portfolio
<b>A Cash</b>	<b>177,021.31</b>	<b>0.22</b>
Cash	177,021.31	0.22
US	177,021.31	0.22
<b>B Fixed Income</b>	<b>78,988,378.02</b>	<b>99.78</b>
US	78,988,378.02	99.78
Corporate IG Credit	78,988,378.02	99.78
<b>C Equity</b>	<b>0.00</b>	<b>0.00</b>
<b>D Commodities</b>	<b>0.00</b>	<b>0.00</b>
<b>E Non-Traditional</b>	<b>0.00</b>	<b>0.00</b>
<b>F Other</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Portfolio</b>	<b>\$79,165,399.33</b>	<b>100%</b>

Balanced mutual funds and Insurance & Annuity products are allocated in the 'Other' category



### Portfolio Value and Investment Results

	Performance returns (annualized > 1 year)			
	For period of 12/31/2024 to 03/31/2025	For period of 03/31/2025 to 06/30/2025	For period of 06/30/2025 to 09/30/2025	YTD 12/31/2024 to 09/30/2025
<b>Opening value</b>	<b>75,185,423.80</b>	<b>76,625,024.22</b>	<b>78,006,238.75</b>	<b>75,185,423.80</b>
Net deposits/withdrawals	-30,167.59	-30,804.38	-31,668.65	-92,640.62
Div./interest income	696,186.36	579,304.42	958,957.11	2,234,447.89
Change in accr. interest	47,384.40	184,582.74	-108,573.38	123,393.76
Change in value	726,197.25	648,131.75	340,445.50	1,714,774.50
<b>Closing value</b>	<b>76,625,024.22</b>	<b>78,006,238.75</b>	<b>79,165,399.33</b>	<b>79,165,399.33</b>
Net Time-weighted ROR	1.91	1.80	1.49	5.29

Net deposits and withdrawals include program and account fees.

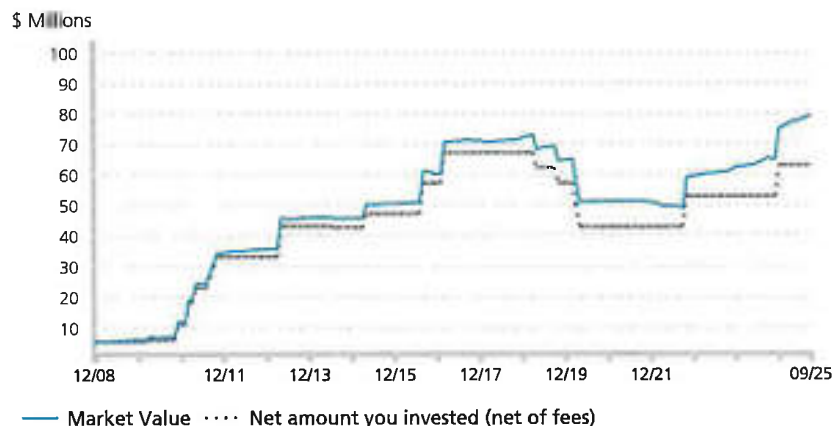
EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

### Sources of Portfolio Value



### Summary of Gains and Losses

	Short term (\$)	Long term (\$)	Total (\$)
<b>2024 Realized gains and losses</b>	<b>25,376.54</b>	<b>133,272.58</b>	<b>158,649.12</b>
Taxable	25,376.54	133,272.58	158,649.12
Tax-Deferred	0.00	0.00	0.00
<b>2025 Year to date</b>	<b>81,300.00</b>	<b>338,662.00</b>	<b>419,962.00</b>
Taxable	81,300.00	338,662.00	419,962.00
Tax-Deferred	0.00	0.00	0.00

Prior to 2024, Interest income for short-term obligations that were held to maturity or redeemed is displayed as realized gain; however, it will be reported as interest income on your annual 1099 and PR480.6 tax forms.

Past performance does not guarantee future results and current performance may be lower/higher than past data presented.  
Accrued interest, if any, has been included in the total market value.

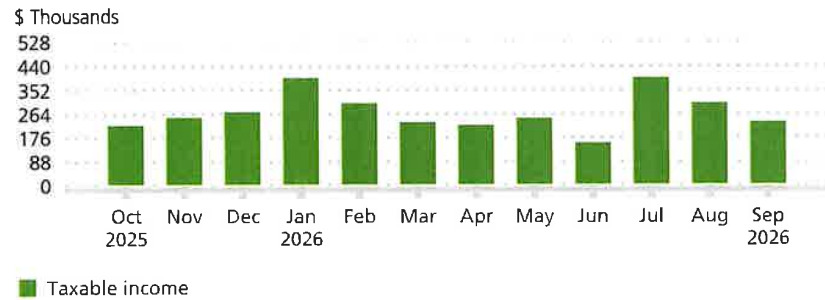
Report created on: November 10, 2025



## Portfolio Review

as of September 30, 2025 (continued)

### Expected Cash Flow



**Total taxable income: \$3,302,172.22**

**Total expected cash flow: \$3,302,172.22**

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

### Equity Sector Analysis

Compared to S&P 500 index

	Value on 09/30/2025 (\$)	Actual (%)	Model (%)	Gap (%)
Communication Services	0.00	0.00	10.36	-10.36
Consumer Discretionary	0.00	0.00	10.99	-10.99
Consumer Staples	0.00	0.00	5.43	-5.43
Energy	0.00	0.00	2.82	-2.82
Financials	0.00	0.00	12.48	-12.48
Health Care	0.00	0.00	9.33	-9.33
Industrials	0.00	0.00	8.08	-8.08
Information Technology	0.00	0.00	34.36	-34.36
Materials	0.00	0.00	1.63	-1.63
Real Estate	0.00	0.00	1.89	-1.89
Utilities	0.00	0.00	2.35	-2.35
<b>Total classified equity</b>	<b>\$0.00</b>			
Unclassified Securities	0.00			

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

Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025

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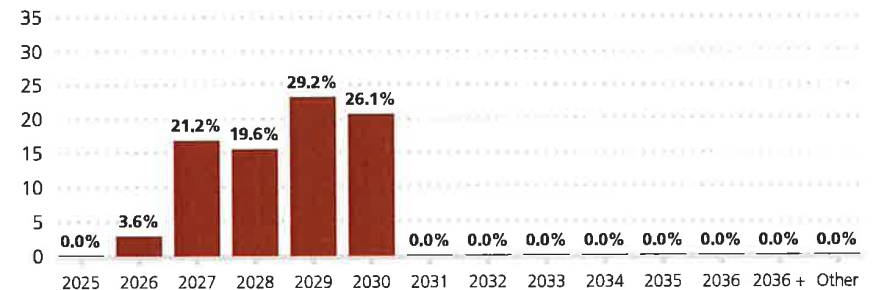
Prepared for: Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

### Bond Maturity Schedule

\$ Millions



■ Effective maturity schedule

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



## Portfolio Review

as of September 30, 2025 (continued)

### Summary of Performance by Account

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

						Performance returns (annualized > 1 year)			
						For period of 12/31/2024 to 03/31/2025	For period of 03/31/2025 to 06/30/2025	For period of 06/30/2025 to 09/30/2025	YTD 12/31/2024 to 09/30/2025
		Performance start date	Value on 09/30/2025 (\$)	% of portfolio					
EX XX120	BOND PORTFOLIO•PMP•Ira Cohen / Jason Cohen Fixed Income	Dec 08, 2008	79,165,399.33	100.00%	Net time-weighted	1.91%	1.80%	1.49%	5.29%
	Risk profile: Conservative								
	Return objective: Current Income								
<b>Total Portfolio</b>						<b>1.91%</b>	<b>1.80%</b>	<b>1.49%</b>	<b>5.29%</b>
Benchmarks - Annualized time-weighted returns						For period of 12/31/2024 to 03/31/2025	For period of 03/31/2025 to 06/30/2025	For period of 06/30/2025 to 09/30/2025	YTD 12/31/2024 to 09/30/2025
Blended Index						1.62%	1.37%	1.30%	4.35%
US Treasury Bill - 3 Mos						1.04%	1.07%	1.10%	3.25%
BBG US Agg (1-3 Y)						1.63%	1.27%	1.20%	4.16%
S&P 500						-4.27%	10.94%	8.12%	14.83%

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

Blended Index: 06/30/2023 - Current: 45% BBG US Corp 1-3Y Incp76; 55% BBG US Agg Gvt & CR 1-3 Y+

+Additional benchmark information can be found on the benchmark composition page.

Report created on: November 10, 2025

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## Asset Allocation by Account

as of September 30, 2025

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Equities (\$/%)				Fixed Income (\$/%)			Non-Traditional (\$/%)	Commodities (\$/%)	Other (\$/%)	Total
	Cash (\$/%)	U.S.	Global	International	U.S.	Global	International				
	177,021.31	0.00	0.00	0.00	78,988,378.02	0.00	0.00	0.00	0.00	0.00	\$79,165,399.33
Total Portfolio	0.22	0.00	0.00	0.00	99.78	0.00	0.00	0.00	0.00	0.00	100%
	177,021.31	0.00	0.00	0.00	78,988,378.02	0.00	0.00	0.00	0.00	0.00	\$79,165,399.33
	0.22	0.00	0.00	0.00	99.78	0.00	0.00	0.00	0.00	0.00	100.00%

EX XX120 • BOND PORTFOLIO • BSA PMP

Risk profile: Conservative

Return objective: Current Income

	Equities (\$/%)				Fixed Income (\$/%)			Non-Traditional (\$/%)	Commodities (\$/%)	Other (\$/%)	Total
	Cash (\$/%)	U.S.	Global	International	U.S.	Global	International				
	177,021.31	0.00	0.00	0.00	78,988,378.02	0.00	0.00	0.00	0.00	0.00	\$79,165,399.33
Total Portfolio	0.22	0.00	0.00	0.00	99.78	0.00	0.00	0.00	0.00	0.00	100%

Balanced mutual funds and Insurance & Annuity products are allocated in the 'Other' category



# Asset Allocation Review

as of September 30, 2025

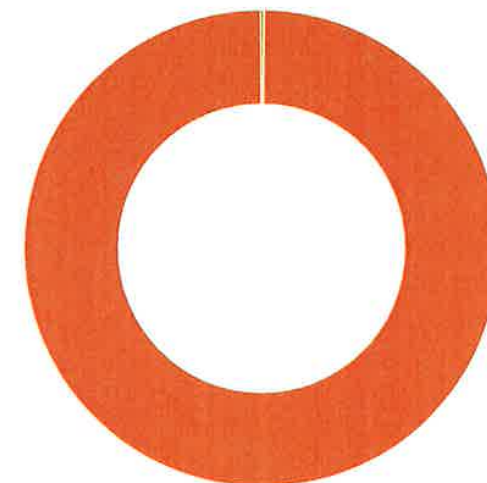
## Summary of Asset Allocation

	Market value (\$)	% of Portfolio
<b>Cash</b>	<b>177,021.31</b>	<b>0.22</b>
Cash	177,021.31	0.22
US	177,021.31	0.22
<b>Fixed Income</b>	<b>78,988,378.02</b>	<b>99.78</b>
US	78,988,378.02	99.78
Corporate IG Credit	78,988,378.02	99.78
<b>Equity</b>	<b>0.00</b>	<b>0.00</b>
<b>Commodities</b>	<b>0.00</b>	<b>0.00</b>
<b>Non-Traditional</b>	<b>0.00</b>	<b>0.00</b>
<b>Other</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Portfolio</b>	<b>\$79,165,399.33</b>	<b>100%</b>

Balanced mutual funds and Insurance & Annuity products are allocated in the 'Other' category

Total Value: \$79,165,399.33

- Cash 0.22%
- US Fixed Income 99.78%



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Prepared for: Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Summary

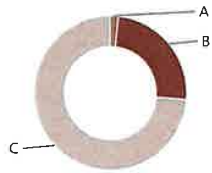
as of September 30, 2025

### Bond Overview

Total quantity	77,425,000
Total market value	\$78,166,168.00
Total accrued interest	\$822,210.02
Total market value plus accrued interest	\$78,988,378.02
Total estimated annual bond interest	\$3,281,513.50
Average coupon	4.25%
Average current yield	4.20%
Average yield to maturity	3.99%
Average yield to worst	3.96%
Average modified duration	2.70
Average effective maturity	3.18

### Credit Quality of Bond Holdings

Effective credit rating	Issues	Value on 09/30/2025 (\$)	% of port.
<b>A</b> Aaa/AAA/AAA	1	1,438,710.00	1.81
<b>B</b> Aa/AA/AA	13	19,418,277.13	24.62
<b>C</b> A/A/A	35	58,131,390.89	73.57
<b>D</b> Baa/BBB/BBB	0	0.00	0.00
<b>E</b> Non-investment grade	0	0.00	0.00
<b>F</b> Certificate of deposit	0	0.00	0.00
<b>G</b> Not rated	0	0.00	0.00
<b>Total</b>	<b>49</b>	<b>\$78,988,378.02</b>	<b>100%</b>

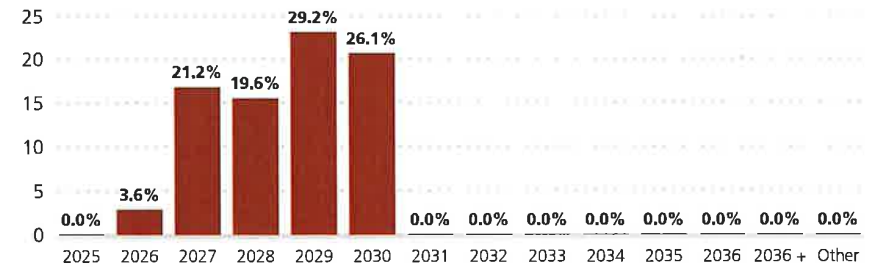


### Investment Type Allocation

Investment type	Taxable (\$)	Tax-exempt / deferred (\$)	Total (\$)	% of bond port.
U.S. corporates	78,988,378.02	0.00	78,988,378.02	100.00
<b>Total</b>	<b>\$78,988,378.02</b>	<b>\$0.00</b>	<b>\$78,988,378.02</b>	<b>100%</b>

### Bond Maturity Schedule

\$ Millions



#### Effective maturity schedule

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

Includes all fixed income securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities. Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Holdings

as of September 30, 2025

### Summary of Bond Holdings

Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2025	0	0			N/A	N/A	N/A				
2026	2	2,850,000	83,062.50	2.94%	3.91%	3.91%	0.95	2,704,593	119,782.50	2,846,565.60	3.61%
2027	12	16,675,000	608,391.25	3.66%	3.81%	3.81%	1.73	16,285,951.16	348,351.34	16,795,815.41	21.28%
2028	9	15,325,000	625,983.50	4.07%	3.93%	3.89%	2.29	15,170,726.34	209,462.66	15,531,820.12	19.68%
2029	13	22,475,000	1,037,081.25	4.53%	4.08%	4.04%	2.98	22,340,604.53	527,977.47	23,150,754.03	29.26%
2030	13	20,100,000	926,995.00	4.53%	4.10%	4.08%	3.86	20,027,523.19	431,195.81	20,663,422.86	26.17%
2031	0	0			N/A	N/A	N/A				
2032	0	0			N/A	N/A	N/A				
2033	0	0			N/A	N/A	N/A				
2034	0	0			N/A	N/A	N/A				
2035	0	0			N/A	N/A	N/A				
2036	0	0			N/A	N/A	N/A				
2037	0	0			N/A	N/A	N/A				
2038	0	0			N/A	N/A	N/A				
2039	0	0			N/A	N/A	N/A				
2040	0	0			N/A	N/A	N/A				
2041	0	0			N/A	N/A	N/A				
2042	0	0			N/A	N/A	N/A				
2043	0	0			N/A	N/A	N/A				
2044	0	0			N/A	N/A	N/A				
2045	0	0			N/A	N/A	N/A				
2046	0	0			N/A	N/A	N/A				
2047	0	0			N/A	N/A	N/A				
2048	0	0			N/A	N/A	N/A				
2049	0	0			N/A	N/A	N/A				
2050	0	0			N/A	N/A	N/A				
2050 +	0	0			N/A	N/A	N/A				
Other	0	0			N/A	N/A	N/A				
<b>Total</b>	<b>49</b>	<b>77,425,000</b>	<b>\$3,281,513.50</b>	<b>4.20%</b>	<b>3.99%</b>	<b>3.96%</b>	<b>2.70</b>	<b>\$76,529,398.22</b>	<b>\$1,636,769.78</b>	<b>\$78,988,378.02</b>	

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities. Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

### Details of Bond Holdings

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Total Bond Portfolio</b>		<b>77,425,000</b>	<b>4.25%</b>	<b>12/05/2028</b>	<b>N/A</b>	<b>\$3,281,513.50</b> <b>4.20%</b>	<b>3.99%</b> <b>3.96%</b>	<b>2.70</b>	<b>\$76,529,398.22</b> <b>\$1,636,769.78</b>	<b>N/A</b>	<b>\$78,166,168.00</b> <b>\$822,210.02</b> <b>\$78,988,378.02</b>	<b>100%</b>
<b>Maturing 2026</b>												
ARCHER-DANIELS-MIDL& CO 02.500% 081126 DTD081116 FC021117 CALL@MW+15BP	A2/A/A NR/NR/NR	1,500,000	2.50%	08/11/2026	05/11/2026 100.00	37,500.00 2.53%	3.93% 3.93%	0.84	1,425,765.00 56,130.00	98.793	1,481,895.00 5,104.17	1.90%
WALT DISNEY COMPANY/THE 03.375% 111526 DTD111519 CALL@MW+20BP	A2/A/A NR/NR/NR	1,350,000	3.38%	11/15/2026	08/15/2026 100.00	45,562.50 3.39%	3.88% 3.88%	1.07	1,278,828.00 63,652.50	99.443	1,342,480.50 17,085.94	1.72%
<b>Total 2026</b>		<b>2,850,000</b>	<b>2.92%</b>	<b>09/26/2026</b>		<b>\$83,062.50</b> <b>2.94%</b>	<b>3.91%</b> <b>3.91%</b>	<b>0.95</b>	<b>\$2,704,593.00</b> <b>\$119,782.50</b>		<b>\$2,824,375.50</b> <b>\$22,190.10</b>	<b>3.61%</b>
<b>Maturing 2027</b>												
IBM CORP B/E 03.300% 012727 DTD012717 FC072717 CALL@MW+15BP	A3/A-/A- NR/NR/NR	1,100,000	3.30%	01/27/2027		36,300.00 3.33%	3.96% 3.96%	1.27	1,060,532.00 30,096.00	99.148	1,090,628.00 6,352.50	1.40%
COCA-COLA CO NTS B/E 03.375% 032527 DTD032520 FC092520 CALL@MW+40BP	A1/A/A+ NR/NR/NR	1,675,000	3.38%	03/25/2027	01/25/2027 100.00	56,531.25 3.39%	3.76% 3.76%	1.43	1,644,582.00 21,138.50	99.446	1,665,720.50 785.16	2.13%
AMAZON.COM INC NTS B/E 03.300% 041327 DTD041322 FC101322 CALL@MW+10BP	A1/AA-/AA NR/NR/NR	1,000,000	3.30%	04/13/2027	03/13/2027 100.00	33,000.00 3.32%	3.78% 3.78%	1.46	942,880.00 49,950.00	99.283	992,830.00 15,308.33	1.27%

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.  
Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025

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## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2027</b>												
QUALCOMM INC NTS B/E 03.250% 052027 DTD052617 FC112017 CALL @MW+20BP	A2/NR/A NR/NR/NR	1,000,000	3.25%	05/20/2027	02/20/2027 100.00	32,500.00 3.28%	3.79% 3.79%	1.56	967,941.00 23,589.00	99.153	991,530.00 11,736.11	1.27%
ELI LILLY & CO NTS B/E 04.150% 081427 DTD081424 FC021425 CALL@MW+07BP	Aa3/NR/A+ NR/NR/NR	1,500,000	4.15%	08/14/2027	07/14/2027 100.00	62,250.00 4.12%	3.77% 3.76%	1.69	1,503,926.11 6,123.89	100.670	1,510,050.00 7,954.17	1.93%
META PLATFORMS INC NTS 03.500% 081527 DTD080922 FC021523 CALL@MW+15BP	Aa3/NR/AA- NR/NR/NR	1,500,000	3.50%	08/15/2027	07/15/2027 100.00	52,500.00 3.51%	3.74% 3.74%	1.79	1,446,825.00 46,785.00	99.574	1,493,610.00 6,562.50	1.91%
WALMART INC NTS B/E 03.950% 090927 DTD090922 FC030923 CALL@MW+10BP	Aa2/AA/AA NR/NR/NR	2,000,000	3.95%	09/09/2027	08/09/2027 100.00	79,000.00 3.93%	3.71% 3.70%	1.76	1,984,580.00 24,340.00	100.446	2,008,920.00 4,608.33	2.57%
CATERPILLAR FINL SERVICE 04.400% 101527 DTD081624 CALL@MW+10BP	A2/A+/A NR/NR/NR	1,200,000	4.40%	10/15/2027		52,800.00 4.35%	3.83% 3.83%	1.90	1,206,597.05 6,698.95	101.108	1,213,296.00 24,200.00	1.55%
PEPSICO INC NTS B/E 03.000% 101527 DTD101017 FC041518 CALL@MW+15BP	A1/WD/A+ NR/NR/NR	2,100,000	3.00%	10/15/2027	07/15/2027 100.00	63,000.00 3.05%	3.78% 3.78%	1.93	2,046,975.00 21,231.00	98.486	2,068,206.00 28,875.00	2.65%
BANK OF AMER CORP 03.248% 102127 DTD102116 FC042117 CALL@MW+25BP	A1/AA-/A- NR/NR/NR	2,000,000	3.25%	10/21/2027	10/21/2026 100.00	64,960.00 3.29%	3.91% 3.91%	1.94	1,891,000.00 82,980.00	98.699	1,973,980.00 28,690.67	2.53%
THERMO FISHER SCIENTIFIC 04.800% 112127 DTD112122 CALL@MW+15BP	A3/A-/A- NR/NR/NR	1,100,000	4.80%	11/21/2027	10/21/2027 100.00	52,800.00 4.72%	4.00% 3.97%	1.90	1,096,733.00 21,164.00	101.627	1,117,897.00 18,920.00	1.43%
AMAZON.COM INC NTS B/E 04.550% 120127 DTD120122 FC060123 CALL@MW+10BP	A1/AA-/AA NR/NR/NR	500,000	4.55%	12/01/2027	11/01/2027 100.00	22,750.00 4.48%	3.81% 3.78%	1.94	493,380.00 14,255.00	101.527	507,635.00 7,520.14	0.65%

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.  
Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2027</b>												
<b>Total 2027</b>		<b>16,675,000</b>	<b>3.65%</b>	<b>08/08/2027</b>		<b>\$608,391.25</b> <b>3.66%</b>	<b>3.81%</b> <b>3.81%</b>	<b>1.73</b>	<b>\$16,285,951.16</b> <b>\$348,351.34</b>		<b>\$16,634,302.50</b> <b>\$161,512.91</b>	<b>21.28%</b>
	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2028</b>												
ECOLAB INC NTS B/E 05.250% 011528 DTD111722 CALL@MW+15BP	A3/A-/A- NR/NR/NR	1,000,000	5.25%	01/15/2028	12/15/2027 100.00	52,500.00 5.11%	3.99% 3.95%	2.04	1,006,303.64 20,936.36	102.724	1,027,240.00 10,937.50	1.31%
BRISTOL-MYERS SQUIBB CO 03.900% 022028 DTD022020 FC082020 CALL@MW+20BP	A2/WD/A NR/NR/NR	2,000,000	3.90%	02/20/2028	11/20/2027 100.00	78,000.00 3.90%	3.89% 3.89%	2.25	1,938,170.00 62,130.00	100.015	2,000,300.00 8,666.67	2.56%
SALESFORCE.COM INC NTS 03.700% 041128 DTD041118 FC101118 CALL@MW+15BP	A1/NR/A+ NR/NR/NR	2,000,000	3.70%	04/11/2028	01/11/2028 100.00	74,000.00 3.71%	3.83% 3.83%	2.35	1,959,650.00 34,030.00	99.684	1,993,680.00 34,738.89	2.55%
GENERAL DYNAMICS CORP 03.750% 051528 DTD051118 FC111518 CALL@MW+15BP	A2/WD/A NR/NR/NR	2,000,000	3.75%	05/15/2028	02/15/2028 100.00	75,000.00 3.76%	3.81% 3.81%	2.44	1,950,170.00 46,590.00	99.838	1,996,760.00 28,125.00	2.55%
MERCK & CO INC NTS B/E 04.050% 051728 DTD051723 FC111723	Aa3/NR/A+ NR/NR/NR	1,975,000	4.05%	05/17/2028	04/17/2028 100.00	79,987.50 4.03%	3.82% 3.81%	2.35	1,977,705.29 8,512.71	100.568	1,986,218.00 29,550.94	2.54%
CME GROUP INC NTS B/E 03.750% 061528 DTD062118 FC121518 CALL@MW+15BP	Aa3/AA-/AA- NR/NR/NR	1,400,000	3.75%	06/15/2028	03/15/2028 100.00	52,500.00 3.76%	3.85% 3.85%	2.52	1,400,267.91 -3,823.91	99.746	1,396,444.00 15,312.50	1.79%
JPMORGAN CHASE & CO NTS 4.851% 072528 DTD072522 FC012523 CALL@MW+30BP	A1/AA-/A NR/NR/NR	2,100,000	4.85%	07/25/2028	07/25/2027 100.00	101,871.00 4.79%	4.34% 4.08%	1.71	2,107,665.50 20,411.50	101.337	2,128,077.00 18,393.38	2.72%

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.  
Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025

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## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2028</b>												
UNION PAC CORP B/E 03.950% 091028 DTD060818 FC031019 CALL@MW+20BP	A3/A-/A- NR/NR/NR	2,250,000	3.95%	09/10/2028	06/10/2028 100.00	88,875.00 3.94%	3.89% 3.89%	2.50	2,230,830.00 22,680.00	100.156	2,253,510.00 4,937.50	2.88%
PROLOGIS NTS B/E 03.875% 091528 DTD062018 FC091518 CALL@MW+15BP	A2/WD/A NR/NR/NR	600,000	3.88%	09/15/2028	06/15/2028 100.00	23,250.00 3.89%	4.00% 4.00%	2.76	599,964.00 -2,004.00	99.660	597,960.00 968.75	0.76%
<b>Total 2028</b>		<b>15,325,000</b>	<b>4.09%</b>	<b>05/27/2028</b>		<b>\$625,983.50</b> <b>4.07%</b>	<b>3.93%</b> <b>3.89%</b>	<b>2.29</b>	<b>\$15,170,726.34</b> <b>\$209,462.66</b>		<b>\$15,380,189.00</b> <b>\$151,631.12</b>	<b>19.68%</b>
	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2029</b>												
PROCTER & GAMBLE CO/THE 04.350% 012929 DTD012924 FC072924 CALL@MW+5BP	Aa3/NR/AA- NR/NR/NR	1,025,000	4.35%	01/29/2029		44,587.50 4.28%	3.81% 3.81%	3.05	1,022,627.50 19,336.25	101.655	1,041,963.75 7,555.10	1.33%
ELI LILLY & CO NTS B/E 04.500% 020929 DTD020924 FC080924 CALL@MW+10BP	Aa3/NR/A+ NR/NR/NR	1,500,000	4.50%	02/09/2029	01/09/2029 100.00	67,500.00 4.43%	3.99% 3.98%	2.99	1,492,560.00 31,260.00	101.588	1,523,820.00 9,562.50	1.95%
LOCKHEED MARTIN CORP NTS 04.500% 021529 DTD012924 FC081524 CALL@MW+10BP	A2/A-/A- NR/NR/NR	1,075,000	4.50%	02/15/2029	01/15/2029 100.00	48,375.00 4.43%	4.02% 4.01%	3.01	1,065,223.50 25,729.50	101.484	1,090,953.00 6,046.88	1.40%
WASTE MGMT INC NTS B/E 04.875% 021529 DTD080323 FC021524 CALL@MW+15BP	A3/A-/A- NR/NR/NR	2,325,000	4.88%	02/15/2029	01/15/2029 100.00	113,343.75 4.75%	4.01% 3.99%	2.99	2,328,043.46 59,708.29	102.699	2,387,751.75 14,167.97	3.05%
CISCO SYSTEMS INC NTS 04.850% 022629 DTD022624 FC082624 CALL@MW+10BP	A1/NR/AA- NR/NR/NR	1,950,000	4.85%	02/26/2029	01/26/2029 100.00	94,575.00 4.73%	4.01% 4.00%	3.02	1,968,842.72 32,461.78	102.631	2,001,304.50 8,932.08	2.56%

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Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025





# Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program  
 Prepared for Kern Health Systems  
 Risk profile: Conservative  
 Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2029</b>												
LAM RESEARCH CORP B/E 04.000% 031529 DTD030419 FC091519 CALL@MW+25BP	A2/NR/A- NR/NR/NR	1,500,000	4.00%	03/15/2029	12/15/2028 100.00	60,000.00 4.00%	4.02% 4.02%	3.19	1,457,025.00 42,165.00	99.946	1,499,190.00 2,500.00	1.92%
HOME DEPOT INC NTS B/E 04.900% 041529 DTD120423 FC041524	A2/A/A NR/NR/NR	2,000,000	4.90%	04/15/2029	03/15/2029 100.00	98,000.00 4.76%	4.01% 3.99%	3.15	2,002,006.53 56,313.47	102.916	2,058,320.00 44,916.67	2.63%
AMER EXPRESS CO NTS B/E 04.050% 050329 DTD050322 FC110322	A2/A/A- NR/NR/NR	2,000,000	4.05%	05/03/2029	03/03/2029 100.00	81,000.00 4.04%	3.99% 3.98%	3.16	1,946,340.00 57,840.00	100.209	2,004,180.00 33,075.00	2.56%
COMCAST CORP NTS B/E 05.100% 060129 DTD052224 FC120124 CALL@MW+10BP	A3/A-/A- NR/NR/NR	1,300,000	5.10%	06/01/2029	05/01/2029 100.00	66,300.00 4.93%	4.09% 4.07%	3.19	1,294,046.00 50,349.00	103.415	1,344,395.00 21,915.83	1.72%
APPLIED MATERIALS INC 04.800% 061529 DTD061124 FC121524 CALL@MW+10BP	A2/NR/A NR/NR/NR	2,300,000	4.80%	06/15/2029	05/15/2029 100.00	110,400.00 4.68%	4.05% 4.04%	3.25	2,308,529.82 50,074.18	102.548	2,358,604.00 32,200.00	3.02%
PEPSICO INC NTS B/E 04.500% 071729 DTD071724 FC011725 CALL@MW+10BP	A1/NR/A+ NR/NR/NR	2,000,000	4.50%	07/17/2029	06/17/2029 100.00	90,000.00 4.42%	3.99% 3.98%	3.35	1,994,280.00 41,520.00	101.790	2,035,800.00 18,250.00	2.60%
ELI LILLY & CO NTS B/E 04.200% 081429 DTD081424 FC021425 CALL@MW+10BP	Aa3/NR/A+ NR/NR/NR	1,500,000	4.20%	08/14/2029	07/14/2029 100.00	63,000.00 4.17%	3.99% 3.99%	3.44	1,471,080.00 39,900.00	100.732	1,510,980.00 8,050.00	1.93%
GOLDMAN SACHS GROUP INC 05.000% 123129 DTD123124 FC123125 MED TERM NTS	A2/A/BBB+ NR/NR/NR	2,000,000	5.00%	12/31/2029	12/31/2026 100.00	100,000.00 4.97%	4.84% 4.51%	1.15	1,990,000.00 21,320.00	100.566	2,011,320.00 75,000.00	2.57%
<b>Total 2029</b>		<b>22,475,000</b>	<b>4.62%</b>	<b>05/12/2029</b>		<b>\$1,037,081.25 4.53%</b>	<b>4.08% 4.04%</b>	<b>2.98</b>	<b>\$22,340,604.53 \$527,977.47</b>		<b>\$22,868,582.00 \$282,172.03</b>	<b>29.26%</b>

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 Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2030</b>												
CATERPILLAR FINL SERVICE 04.800% 010830 DTD010825 FC070825 CALL@MW+10BP	A2/A+/A- NR/NR/NR	2,000,000	4.80%	01/08/2030		96,000.00 4.65%	4.00% 4.00%	3.80	1,992,980.00 69,540.00	103.126	2,062,520.00 21,866.67	2.64%
CONOCOPHILLIPS CO NTS 04.700% 011530 DTD120524 FC071525 CALL@MW+10BP	A2/A+/A- NR/NR/NR	1,000,000	4.70%	01/15/2030	12/15/2029 100.00	47,000.00 4.61%	4.19% 4.19%	3.74	993,920.00 25,710.00	101.963	1,019,630.00 9,791.67	1.30%
UNITEDHEALTH GROUP INC 04.800% 011530 DTD072524 FC011525 CALL@MW+10BP	A2/A+/A- NR/NR/NR	1,200,000	4.80%	01/15/2030	12/15/2029 100.00	57,600.00 4.70%	4.24% 4.23%	3.73	1,199,592.00 26,652.00	102.187	1,226,244.00 12,000.00	1.57%
WELLS FARGO & CO NTS B/E 05.198% 012330 DTD012324 FC072324 CALL@MW+20BP	A1/A+/BBB+ NR/NR/NR	1,500,000	5.20%	01/23/2030	01/23/2029 100.00	77,970.00 5.04%	4.42% 4.20%	3.00	1,498,260.00 47,295.00	103.037	1,545,555.00 14,511.08	1.98%
TRUIST FINANCIAL CORP 05.435% 012430 DTD012424 FC072424 MED TERM NTS	Baa1/A+/A- NR/NR/NR	2,500,000	5.44%	01/24/2030	01/24/2029 100.00	135,875.00 5.25%	N/A N/A	N/A	2,518,368.74 69,131.26	103.500	2,587,500.00 0.00	3.31%
ABBVIE INC NTS B/E 04.875% 031530 DTD022625 FC091525 CALL@MW+10BP	A3/NR/A- NR/NR/NR	2,500,000	4.88%	03/15/2030	02/15/2030 100.00	121,875.00 4.73%	4.14% 4.13%	3.89	2,499,625.00 74,375.00	102.960	2,574,000.00 5,078.13	3.29%
ECOLAB INC B/E 04.800% 032430 DTD032420 CALL@MW+50BP	A3/A+/A- NR/NR/NR	1,000,000	4.80%	03/24/2030	12/24/2029 100.00	48,000.00 4.68%	4.16% 4.12%	3.76	994,510.00 31,590.00	102.610	1,026,100.00 800.00	1.31%
TJX COS INC B/E 03.875% 041530 DTD040120 FC101520 CALL@MW+50BP	A2/NR/A- NR/NR/NR	500,000	3.88%	04/15/2030	01/15/2030 100.00	19,375.00 3.91%	4.08% 4.08%	4.05	499,815.00 -4,020.00	99.159	495,795.00 8,880.21	0.63%
WALMART INC NTS B/E 04.000% 041530 DTD041823 CALL@MW+10BP	Aa2/AA/AA NR/NR/NR	1,250,000	4.00%	04/15/2030	02/15/2030 100.00	50,000.00 3.97%	3.84% 3.83%	3.96	1,244,200.00 14,137.50	100.667	1,258,337.50 22,916.67	1.61%

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Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Bond Holdings

as of September 30, 2025 (continued)

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income

	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Maturing 2030</b>												
APPLE INC NTS B/E 04.200% 051230 DTD051225 FC111225 CALL@MW+5BP	Aaa/NR/AA+ NR/NR/NR	1,400,000	4.20%	05/12/2030	04/12/2030 100.00	58,800.00 4.15%	3.92% 3.92%	4.01	1,391,012.00 25,158.00	101.155	1,416,170.00 22,540.00	1.81%
ALPHABET INC NTS B/E 04.000% 051530 DTD050125 FC111525 CALL@MW+5BP	Aa2/NR/AA+ NR/NR/NR	2,000,000	4.00%	05/15/2030	04/15/2030 100.00	80,000.00 3.98%	3.89% 3.89%	4.04	1,993,020.00 16,200.00	100.461	2,009,220.00 33,111.11	2.57%
NUCOR CORP NTS B/E 04.650% 060130 DTD030525 FC120125 CALL@MW+15BP	A3/A-/A- NR/NR/NR	1,500,000	4.65%	06/01/2030	05/01/2030 100.00	69,750.00 4.58%	4.27% 4.27%	4.02	1,508,307.95 15,302.05	101.574	1,523,610.00 39,718.75	1.95%
BERKSHIRE HATHAWAY 03.700% 071530 DTD011521 FC071521 CALL@MW+45BP	A3/NR/A- NR/NR/NR	1,750,000	3.70%	07/15/2030	04/15/2030 100.00	64,750.00 3.78%	4.18% 4.18%	4.30	1,693,912.50 20,125.00	97.945	1,714,037.50 13,489.58	2.19%
<b>Total 2030</b>		<b>20,100,000</b>	<b>4.62%</b>	<b>03/21/2030</b>		<b>\$926,995.00</b> <b>4.53%</b>	<b>4.10%</b> <b>4.08%</b>	<b>3.86</b>	<b>\$20,027,523.19</b> <b>\$431,195.81</b>		<b>\$20,458,719.00</b> <b>\$204,703.86</b>	<b>26.17%</b>
	Effective rating/ Underlying rating (Mdy/Fitch/S&P)	Quantity	Coupon	Effective maturity	Call date/ Call price (\$)	Est. annual income (\$)/ Curr. yield (%)	YTM (%)/ YTW (%)	Modified duration	Adjusted cost basis (\$)/ Unreal. g/l (\$)	Market price (\$)	Mkt. value (\$)/ Accr. interest (\$)	% of bond port.
<b>Total Bond Portfolio</b>		<b>77,425,000</b>	<b>4.25%</b>	<b>12/05/2028</b>	<b>N/A</b>	<b>\$3,281,513.50</b> <b>4.20%</b>	<b>3.99%</b> <b>3.96%</b>	<b>2.70</b>	<b>\$76,529,398.22</b> <b>\$1,636,769.78</b>	<b>N/A</b>	<b>\$78,166,168.00</b> <b>\$822,210.02</b> <b>\$78,988,378.02</b>	<b>100%</b>

Includes all fixed-rate securities in the selected portfolio. Average yields and durations exclude Structured Product, Pass-Through, Perpetual Preferred, and Foreign securities.  
Accrued interest, if any, has been included in the total market value.

Report created on: November 10, 2025



## Additional Information About Your Portfolio

as of September 30, 2025

### Benchmark Composition

#### Account EX XX120

Blended Index

**Start - 05/15/2017:** 50% BBG US Gvt 1-3 Y; 50% BBG USAgg GvtCr 1-5Y

**05/15/2017 - 05/31/2018:** 100% BBG Agg Bond

**05/31/2018 - 11/04/2019:** 100% BBG Agg Bond

**11/04/2019 - 06/30/2023:** 45% BBG US Corp 1-3Y Incp76; 55% BBG US Agg Gvt & CR 1-3 Y

**06/30/2023 - Current:** 45% BBG US Corp 1-3Y Incp76; 55% BBG US Agg Gvt & CR 1-3 Y

EX XX120 • BOND PORTFOLIO • Portfolio Management Program

Prepared for Kern Health Systems

Risk profile: Conservative

Return Objective: Current Income



## Disclosures Applicable to Accounts at UBS Financial Services Inc.

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

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

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

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

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

**Client Accounts:** This report may include all assets in the accounts listed and may include eligible and ineligible assets in a fee-based program. Since ineligible assets are not considered fee-based program assets, the inclusion of such securities will distort the actual performance of your accounts and does not reflect the performance of your accounts in the fee-based program. As a result, the performance reflected in this report can vary substantially from the individual account performance reflected in the performance reports provided to you as part of those programs. For fee-based programs, fees are charged on the market value of eligible assets in the accounts and assessed quarterly in advance, prorated according to the number of calendar days in the billing period. When shown on a report, the risk profile and return objectives describe your overall goals for these accounts. For each account you maintain, you choose one return objective and a primary risk profile. If you have questions regarding these objectives or wish to change them, please contact your Financial Advisor to update your account records.

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

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

**Time-weighted Returns for accounts / SWP/AAP sleeves (Daily periods):** The report displays a time weighted rate of return (TWR) that is calculated by dividing the portfolio's daily gain/loss by the previous day's closing market value plus the net value of cash flows that occurred during the day, if it was positive. The TWR gives equal weighting to every return regardless of amount of money invested, so it is an effective measure for returns on a fee based account. Periods greater than one day are calculated by linking the daily returns. All periods shown which are greater than 12 months are annualized. For reports generated prior to 01/26/2018, the performance calculations used the account's end of day value on the performance inception (listed in the report under the column "ITD") and all cash flows were posted at end of day. As a result of the change, the overall rate of return (TWR) and beginning market value displayed can vary from prior generated reports. This applies to all performance for all assets on or after 09/30/2010, Advisory assets on or after 12/31/2010, SWP/AAP sleeves on or after 04/30/2018 as well as all Asset Class and Security level returns.

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

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

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

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

**Benchmark/Major Indices:** The past performance of an index is not a guarantee of future results. Any benchmark is shown for informational purposes only and relates to historical performance of market indices and not the performance of actual investments. Although most portfolios use indices as benchmarks, portfolios are actively managed and generally are not restricted to investing only in securities in the index. As a result, your



## Disclosures Applicable to Accounts at UBS Financial Services Inc. *(continued)*

portfolio holdings and performance may vary substantially from the index. Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. Indices are not actively managed and investors cannot invest directly in the indices. Market index data may be subject to review and revision. The benchmark index is selected from among the indices for which UBSFS has licensing agreements with the index provider. UBSFS does not have licensing agreements for all available indices. The benchmarks may vary from those used by the Money Manager or those listed in the prospectus. Further, there is no guarantee that an investor's account will meet or exceed the stated benchmark. Index performance information has been obtained from third parties deemed to be reliable. We have not independently verified this information, nor do we make any representations or warranties to the accuracy or completeness of this information.

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

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

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

For alternative investments and strategies that are highly customized, such as Concentrated Equity Solutions (CES), benchmarks are broad market indices included for general reference and are not intended to show comparative market performance or potential portfolios with risk or return profiles similar to your account. Benchmark indices are shown for illustrative purposes only.

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

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

**Net Deposits/Withdrawals (external):** When shown on a report, this information represents the net value of

all cash and securities contributions and withdrawals, program fees (including wrap fees) and other fees added to or subtracted from your accounts from the first day to the last day of the period, excluding assets transferred to or from other UBS accounts after 12/31/2010. When fees are shown separately, net deposits / withdrawals does not include program fees (including wrap fees). When investment return is displayed net deposits / withdrawals does not include program fees (including wrap fees). For security contributions and withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts. Wrap fees will be included in this calculation except when paid via an invoice or through a separate accounts billing arrangement. When shown on Client summary and/or Portfolio review report, program fees (including wrap fees) may not be included in net deposits/withdrawals. PACE Program fees paid from sources other than your PACE account are treated as a contribution. A PACE Program Fee rebate that is not reinvested is treated as a withdrawal.

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

**Deposits (external):** When shown on a report, this information represents the net value of all cash and securities contributions added to your accounts from the first day to the last day of the period, excluding assets transferred from other UBS accounts after 12/31/2010. On Client Summary Report and/or Portfolio Review Report, this may exclude the Opening balance. For security contributions, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts.

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

**Withdrawals (external):** When shown on a report, this information represents the net value of all cash and securities withdrawals subtracted from your accounts from the first day to the last day of the period, excluding assets transferred to other UBS accounts after 12/31/2010. On Client summary and/or portfolio review report Withdrawals may not include program fees (including wrap fees). For security withdrawals, securities are calculated using the end of day UBS FS price on the day securities are delivered in or out of the accounts.

**Net Transfers (Internal):** When shown on a report, this information represents the net value of all cash and securities transferred between your UBS accounts from the first day to the last day of the period.

**Transfers In (Internal):** When shown on a report, this information represents the net value of all cash and securities transferred to your UBS accounts from the first day to the last day of the period.

**Transfers Out (Internal):** When shown on a report, this information represents the net value of all cash and securities transferred from your UBS accounts from the first day to the last day of the period.

**Dividends/Interest:** Dividend and interest earned, when shown on a report, does not include income on securities that have been lent out & does not reflect your account's tax status or reporting requirements. Use only official tax reporting documents (i.e. 1099) for tax reporting purposes. The classification of private





## Disclosures Applicable to Accounts at UBS Financial Services Inc. *(continued)*

investment distributions can only be determined by referring to the official year-end tax-reporting document provided by the issuer.

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

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

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

**Performance Start Date Changes:** The Performance Start Date for accounts marked with a '^' have changed. Performance figures of an account with a changed Performance Start Date may not include the entire history of the account. The new Performance Start Date will generate performance returns and activity information for a shorter period than is available at UBS FS. As a result, the overall performance of these accounts may generate better performance than the period of time that would be included if the report used the inception date of the account. UBS FS recommends reviewing performance reports that use the inception date of the account because reports with longer time frames are usually more helpful when evaluating investment programs and strategies. Performance reports may include accounts with inception dates that precede the new Performance Start Date and will show performance and activity information from the earliest available inception date. The change in Performance Start Date may be the result of a performance gap due to a zero-balance that prevents the calculation of continuous returns from the inception of the account. The Performance Start Date may also change if an account has failed one of our performance data integrity tests. In such instances, the account will be labeled as 'Review Required' and performance prior to that failure will be restricted. Finally, the Performance Start Date will change if you have explicitly requested a performance restart. Please contact your Financial Advisor for additional details regarding your new Performance Start Date.

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

**Important information on options-based strategies:** Options involve risk and are not suitable for everyone. Prior to buying or selling an option investors must read a copy of the Characteristics & Risks of Standardized Options, also known as the options disclosure document (ODD). It explains the characteristics and risks of exchange traded options. The options risk disclosure document can be accessed at the following web address: [www.optionsclearing.com/about/publications/character-risks](http://www.optionsclearing.com/about/publications/character-risks).

Concentrated Equity Solutions (CES) managers are not involved in the selection of the underlying stock positions. The Manager will advise only on the options selection in order to pursue the strategy in connection with the underlying stock position(s) deposited in the account. It is important to keep this in mind when evaluating the manager's performance since the account's performance will include the performance of the underlying equity position that is not being managed. CES use options to seek to achieve your investment objectives regarding your concentration stock position. Options strategies change the potential return profile of your stock. In certain scenarios, such as call writing, the call position will limit your ability to participate in any potential increase in the

underlying equity position upon which the call was written. Therefore, in some market conditions, particularly during periods of significant appreciation of the underlying equity position(s), the CES account will decrease the performance that would have been achieved had the stock been held long without implementing the CES strategy.

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

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

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

If you choose to display tax lot level information as separate line items on the Portfolio Holdings report, the tax lot information may include information from sources other than UBS FS. The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. As a result this information may not be accurate and is provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. See your monthly statement for additional information.

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

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

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



## Disclosures Applicable to Accounts at UBS Financial Services Inc. *(continued)*

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

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

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

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

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

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

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

**Equity Style:** The Growth, Value and Core labels are determined by Morningstar. If an Equity Style is

unclassified, it is due to non-availability of data required by Morningstar to assign it a particular style.

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

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

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

**Estimated Annual Income:** The Estimated Annual Income is for informational purposes only and is calculated by the annualized per share dividends/interest paid, multiplied by the quantity of the shares held in the selected account(s). For Expected Cash Flow and Portfolio Holdings reports prior to June 23, 2023, savings products & sweep funds do not display such calculations and instead, values are displayed as N/A. For all other reports, Estimated Annual Income for savings products & sweep funds is not calculated or factored into aggregate calculations and will be displayed as 0.

**Current Yield:** Current Yield is estimated for informational purposes only and may not reflect changes in price. It's calculated by dividing the total estimated annual income by the current market value displayed. Current yield calculations display the current yield of the investment solely as of the date of this report. For Portfolio Holdings report generated prior to June 23, 2023, savings products & sweep funds do not include such information and instead, values are displayed as N/A. For all other reports, Current Yield for savings products & sweep funds is not calculated or factored into aggregate calculations and will be displayed as 0.

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

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

**High Yield:** This report may designate a security as a high yield fixed income security even though one or more rating agencies rate the security as an investment grade security. Further, this report may incorporate a rating that is no longer current with the rating agency. For more information about the rating for any high yield fixed income security, or to consider whether to hold or sell a high yield fixed income security, please contact your financial advisor or representative and do not make any investment decision based on this report.

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

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

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





## Disclosures Applicable to Accounts at UBS Financial Services Inc. *(continued)*

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

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

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

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

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

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

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

**Expected Cash Flow reporting for Puerto Rico Income Tax Purposes:** Expected Cash Flow reporting may be prepared solely for Puerto Rico income tax purposes only. If you have received expected cash flow reporting for Puerto Rico income tax purposes only and are NOT subject to Puerto Rico income taxes, you have received this reporting in error and you should contact your Financial Advisor immediately. Both the Firm and your Financial Advisor will rely solely upon your representations and will not make the determination of whether you are subject to Puerto Rico income taxes. If you have received this reporting and you are NOT subject to Puerto Rico income taxes, the information provided in this reporting is inaccurate and should not be relied upon by you or

your advisers. Neither UBS FS nor its employees or associated persons provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

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

**Gain/Loss:** The gain/loss information may include calculations based upon non-UBS FS cost basis information. The firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS FS. In addition, for Schedule K-1 reported investments, such as alternative investment funds, please refer to your annual K-1 and 1099 tax forms. If this report contains positions with unavailable cost basis, the gain/(loss) for these positions are excluded in the calculation for the Gain/(Loss). As a result these figures may not be accurate and are provided for informational purposes only. Clients should not rely on this information in making purchase or sell decisions, for tax purposes or otherwise. Rely only on year-end tax forms when preparing your tax return. See your monthly statement for additional information.

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

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

**Accounts Included in this Report:** The account listing may or may not include all of your accounts with UBS FS. The accounts included in this report are listed under the "Accounts included in this review" shown on the first page or listed at the top of each page. If the account is a donor advised fund account, the assets in those accounts are owned by the Sponsoring Charitable Organization, and not the donor. You and your financial advisor have procured the appropriate authorization to view the assets in the donor advised fund account. If an account number begins with "@" this denotes assets or liabilities held at other financial institutions. Information about these assets, including valuation, account type and cost basis, is based on the information you provided to us, or provided to us by third party data aggregators or custodians at your direction. We have not verified, and are not responsible for, the accuracy or completeness of this information.

Account name(s) displayed in this report and labels used for groupings of accounts can be customizable "nicknames" chosen by you to assist you with your recordkeeping or may have been included by your financial



## Disclosures Applicable to Accounts at UBS Financial Services Inc. *(continued)*

advisor for reference purposes only. The names used have no legal effect, are not intended to reflect any strategy, product, recommendation, investment objective or risk profile associated with your accounts or any group of accounts, and are not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.

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

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

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

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

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

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

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

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

**Important information about brokerage and advisory services.** As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are

governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review client relationship summary provided at [ubs.com/relationshipssummary](https://ubs.com/relationshipssummary).

### UBS Financial Services account protection

The Firm is a member of the Securities Investor Protection Corporation (SIPC), which protects securities customers of its members up to \$500,000 (including \$250,000 for claims for cash). Explanatory brochure available upon request or at [www.sipc.org](https://www.sipc.org). The SIPC asset protection limits apply to all accounts that you hold in a particular capacity.

The Firm, together with certain affiliates, has also purchased supplemental insurance. The maximum amount payable to all eligible clients, collectively under this protection is \$500 million as of December 10, 2019. Subject to the policy conditions and limitations, cash at the Firm is further protected for up to \$1.9 million in the aggregate for all your accounts held in a particular capacity. A full copy of the policy wording is available upon request.

Neither the SIPC protection nor the supplemental protection apply to:

- Certain financial assets controlled by (and included in your account value) but held away from UBS Financial Services. For example certain (i) insurance products, including variable annuities, and (ii) shares of mutual funds registered in the name of the account holder on the books of the issuer or transfer agent;
- Investment contracts or investment interests (e.g., limited partnerships and private placements) that are not registered under the Securities Act of 1933;
- Commodities contracts (e.g., foreign exchange and precious metal contracts), including futures contracts and commodity option contracts;
- Securities on loan to UBS Financial Services; and
- Deposit accounts (except certificates of deposit) at UBS Bank USA, UBS AG U.S. branches and banks in the FDIC Insured Deposit Program.

The SIPC protection and the supplemental protection do not apply to these assets even if they otherwise appear on your statements. The SIPC protection and the supplemental protection do not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise).

Filtered by: Entry Date 07/01/2025-09/30/2025, Call/Redemption, Sol

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
07/23/2025	07/23/2025	CALL REDEMPTION	MORGAN STANLEY B/E 04.000% 072325 DTD07231	659525	-1,800,000.00	REDEMPTION	1,800,000.00
09/11/2025	09/12/2025	SOLD	KENVUE INC NTS B/E 05.050% 032228 DTD092223 Trade#:40470 Blot:9	7472Y9	-500,000.00	\$102.535	524,598.61
07/21/2025	07/22/2025	SOLD	BANK OF AMER CORP NTS 03.500% 041926 DTD041916 Trade#:04186 Blot:9	665QM3	-1,650,000.00	\$99.32	1,653,764.75
07/07/2025	07/08/2025	SOLD	MORGAN STANLEY B/E 03.625% 012027 DTD012017 Trade#:04748 Blot:9	670UJ3	-1,000,000.00	\$98.96	1,006,516.67

Filtered by: Entry Date 07/01/2025-09/30/2025, Bought

Entry Date	Settle Date	Activity	Description	Security#	Quantity	Price/Detail	Amount
09/15/2025	09/16/2025	BOUGHT	PROLOGIS NTS B/E 03.875% 091528 DTD091518 Trade#:19453 Blot:9	795FR1	600,000.00	\$99.99	-600,028.58
09/05/2025	09/08/2025	BOUGHT	TJX COS INC B/E 03.875% 041530 DTD040120 Trade#:53091 Blot:9	875JV5	500,000.00	\$99.963	-507,511.18
07/28/2025	07/29/2025	BOUGHT	ALPHABET INC NTS B/E 04.000% 051530 DTD050125 Trade#:04592 Blot:9	6659Y3	2,000,000.00	\$99.651	-2,012,575.66
07/21/2025	07/22/2025	BOUGHT	BERKSHIRE HATHAWAY 03.700% 071530 DTD011521 Trade#:04198 Blot:9	695KW2	1,750,000.00	\$96.795	-1,695,171.53
07/07/2025	07/08/2025	BOUGHT	WALMART INC NTS B/E 04.000% 041530 DTD041823 Trade#:02905 Blot:9	6741F8	1,250,000.00	\$99.53	-1,255,727.78

**Disclosure:**

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

Important information about UBS brokerage and advisory services. As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business and that you carefully read the agreements and disclosures that we provide about the products or services we offer. For more information, please review client relationship summary provided at [ubs.com/relationshipsummary](https://ubs.com/relationshipsummary).

The information is based upon the market value of your account(s) as of the close of business on 09/30/2025 and is subject to daily market fluctuation and in some cases may be rounded for convenience."

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

You have discussed the receipt of this individually customized report with your Financial Advisor and understand that it is being provided for information purposes only. If you would like to revoke such consent, and no longer receive this report, please notify your Financial Advisor and/or Branch Manager.



Wells Fargo Bank, N.A.  
333 S GRAND AVE  
LOS ANGELES CA 90071  
  
JONATHAN CHUANG  
1-213-253-6202

Wells Fargo Bank, N.A.  
Account Statement

Statement Period  
09/01/2025 - 09/30/2025

KERN HEALTH SYSTEMS  
2900 BUCK OWENS BOULEVARD

Account Number  
[REDACTED]

Account Value Summary *USD*

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

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	\$ 0.00	\$ 0.00	0%
Money Market Mutual Funds	145,457,557.42	135,285,700.83	43%
Bonds	159,356,491.05	181,985,186.62	57%
Stocks	0.00	0.00	0%
Total Account Value	\$ 304,814,048.47	\$ 317,270,887.45	100%
Value Change Since Last Statement Period		\$ 12,456,838.98	
Percent Increase Since Last Statement Period		4%	
Value Last Year-End		\$ 519,073,102.39	
Percent Decrease Since Last Year-End		39%	

Income Summary *USD*

	This Period	Year-To-Date
Interest	\$ 615,944.03	\$ 5,593,447.33
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	488,461.45	4,217,246.36
Other	0.00	0.00
Income Total	\$ 1,104,405.48	\$ 9,810,693.69

Interest Charged *USD*

Description	This Period
Debit Interest For September 2025	0.00
Total Interest Charged	\$ 0.00

Money Market Mutual Funds Summary *USD*

Description	Amount
Opening Balance	\$ 145,457,557.42
Deposits and Other Additions	301,962,763.59
Distributions and Other Subtractions	(312,623,081.63)
Dividends Reinvested	488,461.45
Change in Value	0.00
Closing Balance	\$ 135,285,700.83



## Important Information

This statement is provided to customers of Wells Fargo Bank, N.A. (the "Bank"). Statements are provided monthly for accounts with transactions and/or security positions.

**Pricing:** Security and other asset prices shown on the statement are obtained from independent vendors or internal pricing models. While we believe the prices are reliable, we cannot guarantee their accuracy. The prices indicated herein are as of the stated valuation date, which may not be the date of this statement, and are subject to change without notice. For exchange-listed securities, the price provided is the closing price of the relevant security at month end. For unlisted securities, it is the "bid" price of the relevant security at month end. The prices of instruments that trade infrequently are estimated using similar securities for which prices are available. Prices on the statement may not necessarily be obtained when the asset is sold.

**Cash Balances:** Cash held at the Bank is not covered by SIPC, but is instead eligible for FDIC insurance of up to \$250,000 per depositor, per institution, in accordance with FDIC rules.

**Mutual Funds:** An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time. You have the right, in the course of normal business operations, to withdraw balances in the Bank Deposit Sweep or redeem shares of the money market mutual fund used in the sweep, subject to any open commitments in any of your accounts and have the proceeds returned to your accounts or remitted to you. Note, however, that as required by federal banking regulations, the banks in the Bank Deposit Sweep reserve the right to require seven days prior notice before permitting a transfer out of the Bank Deposit Sweep. In addition, the money market mutual funds in the sweep reserve the right to require one or more day's prior notice before permitting withdrawals. The Bank makes certain money market mutual funds available through

the Bank Deposit Sweep and has entered into agreements with the mutual fund companies with respect to the available funds. Mutual funds are sold by prospectus only. Please read the prospectus for further information including sales charges, deferred sales charges, withdrawal charges and management or other fees.

**Institutional Prime Funds:** You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. During times of market stress, the fund may impose a discretionary liquidity fee upon sale of your shares, if the fund's board determines the fee is in the fund's best interest. The Prime fund will impose a mandatory liquidity fee when you redeem fund shares, if daily net redemptions exceed 5% of the net assets and no exception applies.

**Muni Substitute Interest:** With respect to transactions involving your purchase of a municipal security having interest that is exempt from federal and/or state income taxes, if you do not receive good delivery of such securities on settlement date (i.e., all requirements for transferring title from the seller to the buyer have occurred), the interest that you accrue from the settlement date of the transaction until you receive good delivery may be considered by the Internal Revenue Service ("IRS") to be taxable ("substitute") interest. If you sell such securities before receiving good delivery, the IRS may consider all of the interest that you accrue to be taxable. You should consult with your tax advisor regarding the tax implication of any such fail to receive scenario.

**Muni MSRB Disclosure:** WFS is registered with the U.S. Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The website for the SEC is [www.sec.gov](http://www.sec.gov) and the website for the MSRB is [www.msrb.org](http://www.msrb.org). There is a brochure available on the MSRB website that describes the protections provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

**Non-deposit investment products offered or sold by the Bank, including investments in mutual funds available through the Bank, are not federally insured or guaranteed by or obligations of the U.S. government, the Federal Deposit Insurance Corporation ("FDIC"), the Federal Reserve System or any other government agency; are not bank deposits; are not obligations of, or endorsed or guaranteed in any way by any bank or the Bank; and are subject to risk, including the possible loss of principal, that may cause the value of the investment and the investment return to fluctuate. When the investment is sold, the amount may be higher or lower than the amount originally invested.**

**Customer Complaints and Reporting Discrepancies:** All inquiries, statement reporting inaccuracies or discrepancies, or complaints regarding your account or the activity therein should be directed to:

Customer Service  
550 S Tryon St  
Floor:06, MAC: D1086-063  
Charlotte, NC 28202-4200  
1-800-645-3751, option 5,  
[WFSCustomerService@Wellsfargo.com](mailto:WFSCustomerService@Wellsfargo.com).

To further protect their rights, customers should also reconfirm in writing to the above address any oral communications with the Bank relating to inaccuracies or discrepancies.

The Bank's financial statements are available upon request.

Statement Ending: September 30, 2025

**KERN HEALTH SYSTEMS**Account Number: XXXXXXXXXX**Portfolio Holdings** *Security positions held with Wells Fargo Bank N.A.*

Security ID	Description	Maturity Date	Coupon	Current Par / Original Par	Market Price*	Market Value	Original Par Pledged**	Callable
<b>Bonds USD</b>								
912797RB5	UNITED STATES TREASURY BILL	10/07/25	0.000%	30,000,000.000	99.9325	29,979,751.80		
912797RC3	UNITED STATES TREASURY BILL	10/14/25	0.000%	30,000,000.000	99.8543	29,956,293.60		
912797RD1	UNITED STATES TREASURY BILL	10/21/25	0.000%	30,000,000.000	99.7753	29,932,604.10		
912797RE9	UNITED STATES TREASURY BILL	10/28/25	0.000%	30,000,000.000	99.6969	29,909,075.40		
771196BJ0	ROCHE HOLDINGS INC	11/10/25	3.000%	2,650,000.000	99.8538	2,646,126.10		Y
771196BS0	ROCHE HOLDINGS INC	03/05/26	0.991%	1,000,000.000	98.6552	986,552.32		Y
3133ETJQ1	FEDERAL FARM CREDIT BANK	05/28/26	4.330%	4,781,000.000	99.9140	4,776,888.39		Y
3130B7A20	FEDERAL HOME LOAN BANK	01/20/27	4.350%	1,625,000.000	99.7747	1,621,338.65		Y
3130B7M84	FEDERAL HOME LOAN BANK	02/26/27	4.125%	8,000,000.000	99.9168	7,993,341.28		Y
3130B7NJ9	FEDERAL HOME LOAN BANK	09/03/27	4.150%	5,970,000.000	99.9784	5,968,712.69		Y
3130B77M0	FEDERAL HOME LOAN BANK	10/22/27	4.375%	2,945,000.000	99.9752	2,944,270.44		Y
95004HAC2	WELLS FARGO BANK NA	05/16/28	4.620%	3,000,000.000	100.1947	3,005,840.13		Y
3130B6RM0	FEDERAL HOME LOAN BANK	06/16/28	4.500%	3,150,000.000	99.9804	3,149,381.78		Y
3130B6XT8	FEDERAL HOME LOAN BANK	07/07/28	4.500%	2,750,000.000	100.0061	2,750,168.71		Y
3133ERC41	FEDERAL FARM CREDIT BANK	11/20/28	4.740%	5,000,000.000	99.9616	4,998,078.50		Y
3130B0N47	FEDERAL HOME LOAN BANK	03/26/29	5.000%	5,000,000.000	100.0987	5,004,933.25		Y
3133ERXP1	FEDERAL FARM CREDIT BANK	10/15/29	4.600%	10,000,000.000	99.8562	9,985,616.40		Y
3133ERC58	FEDERAL FARM CREDIT BANK	11/20/29	4.600%	5,000,000.000	100.6383	5,031,914.10		Y
3130B7MD3	FEDERAL HOME LOAN BANK	08/28/30	4.450%	1,350,000.000	99.5777	1,344,298.98		Y
				182,221,000.000		181,985,186.62	0.00	

\*See important information regarding security pricing on Page 2.

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

**Daily Account Activity**

Your investment transactions during this statement period.

Transaction / Effective		Settlement / Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>										
09/04/25	09/05/25		Security Receipt	3133ETJQ1	FEDERAL FARM CREDIT BANK	4,781,000.00	100.0000000	(4,781,000.00)	(55,779.66)	(4,836,779.66)
09/05/25	09/08/25		Security Receipt	3130B7MD3	FEDERAL HOME LOAN BANK	1,350,000.00	99.9850000	(1,349,797.50)	(1,501.88)	(1,351,299.38)
09/08/25	09/09/25		Security Receipt	912797QW0	UNITED STATES TREASURY BILL	30,000,000.00	99.7625830	(29,928,774.90)	0.00	(29,928,774.90)



Statement Ending: September 30, 2025

## KERN HEALTH SYSTEMS

Account Number: [REDACTED]

## Daily Account Activity (Continued)

Your investment transactions during this statement period.

Transaction / Trade Date	Settlement / Effective Date	Activity	Security ID	Description	Par / Quantity	Price	Principal Amount	Income Amount	Debit / Credit Amount
<b>Transaction Activity USD</b>									
09/08/25	09/09/25	Security Receipt	912797RB5	UNITED STATES TREASURY BILL	30,000,000.00	99.6857780	(29,905,733.40)	0.00	(29,905,733.40)
09/09/25	09/09/25	Security Receipt	912797RC3	UNITED STATES TREASURY BILL	30,000,000.00	99.6096530	(29,882,895.90)	0.00	(29,882,895.90)
09/09/25	09/09/25	Security Receipt	912797RD1	UNITED STATES TREASURY BILL	30,000,000.00	99.5315830	(29,859,474.90)	0.00	(29,859,474.90)
09/11/25	09/12/25	Security Receipt	3130B7M84	FEDERAL HOME LOAN BANK	8,000,000.00	99.9900000	(7,999,200.00)	(11,916.67)	(8,011,116.67)
09/11/25	09/12/25	Security Receipt	3130B7NJ9	FEDERAL HOME LOAN BANK	5,970,000.00	99.9900000	(5,969,403.00)	(4,817.46)	(5,974,220.46)
09/25/25	09/30/25	Security Receipt	912797RE9	UNITED STATES TREASURY BILL	30,000,000.00	99.6865560	(29,905,966.80)	0.00	(29,905,966.80)

## Income / Payment Activity USD

09/05/25	09/05/25	Matured	3136GA2J7	FANNIE MAE			5,000,000.00		5,000,000.00
09/05/25	09/05/25	Matured	3136GA2J7	FANNIE MAE	(5,000,000.00)				
09/05/25	09/05/25	Interest	3136GA2J7	FANNIE MAE				118,750.00	118,750.00
09/05/25	09/05/25	Interest	771196BS0	ROCHE HOLDINGS INC				4,955.00	4,955.00
09/08/25	09/08/25	Matured	3130B6AH9	FEDERAL HOME LOAN BANKS	(4,450,000.00)				
09/08/25	09/08/25	Matured	3130B6AH9	FEDERAL HOME LOAN BANKS			4,450,000.00		4,450,000.00
09/08/25	09/08/25	Interest	3130B6AH9	FEDERAL HOME LOAN BANKS				72,312.50	72,312.50
09/09/25	09/09/25	Matured	912797QT7	UNITED STATES TREASURY BILL			60,000,000.00		60,000,000.00
09/09/25	09/09/25	Matured	912797QT7	UNITED STATES TREASURY BILL	(60,000,000.00)				
09/10/25	09/10/25	Matured	3130B6NB8	FEDERAL HOME LOAN BANK			5,000,000.00		5,000,000.00
09/10/25	09/10/25	Matured	3130B6NB8	FEDERAL HOME LOAN BANK	(5,000,000.00)				
09/10/25	09/10/25	Interest	3130B6NB8	FEDERAL HOME LOAN BANK				52,777.78	52,777.78
09/16/25	09/16/25	Matured	3133ERVL2	FEDERAL FARM CREDIT BANK			10,000,000.00		10,000,000.00
09/16/25	09/16/25	Matured	3133ERVL2	FEDERAL FARM CREDIT BANK	(10,000,000.00)				
09/16/25	09/16/25	Interest	3133ERVL2	FEDERAL FARM CREDIT BANK				211,750.00	211,750.00
09/23/25	09/23/25	Matured	3130B6W69	FEDERAL HOME LOAN BANK			2,930,000.00		2,930,000.00
09/23/25	09/23/25	Matured	3130B6W69	FEDERAL HOME LOAN BANK	(2,930,000.00)				
09/23/25	09/23/25	Interest	3130B6W69	FEDERAL HOME LOAN BANK				30,398.75	30,398.75
09/23/25	09/23/25	Matured	912797QV2	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
09/23/25	09/23/25	Matured	912797QV2	UNITED STATES TREASURY BILL	(30,000,000.00)				
09/26/25	09/26/25	Interest	3130B0N47	FEDERAL HOME LOAN BANK				125,000.00	125,000.00
09/30/25	09/30/25	Matured	912797QW0	UNITED STATES TREASURY BILL			30,000,000.00		30,000,000.00
09/30/25	09/30/25	Matured	912797QW0	UNITED STATES TREASURY BILL	(30,000,000.00)				

## Cash Activity USD

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
09/03/25	09/03/25	ACH/DDA Transaction	DESIGNATED DDA	35,000,000.00	
09/09/25	09/09/25	ACH/DDA Transaction	DESIGNATED DDA	20,000,000.00	
09/11/25	09/11/25	ACH/DDA Transaction	DESIGNATED DDA		100,000,000.00

Statement Ending: September 30, 2025

**KERN HEALTH SYSTEMS**

Account Number: [REDACTED]

**Daily Account Activity (Continued)***Your investment transactions during this statement period.***Cash Activity USD**

Transaction / Trade Date	Settlement / Eff. Date	Activity	Description	Debit Amount / Disbursements	Credit Amount / Receipts
09/11/25	09/11/25	ACH/DDA Transaction	DESIGNATED DDA		100,000,000.00
09/16/25	09/16/25	ACH/DDA Transaction	DESIGNATED DDA	41,000,000.00	
09/23/25	09/23/25	ACH/DDA Transaction	DESIGNATED DDA	98,000,000.00	
09/25/25	09/25/25	ACH/DDA Transaction	DESIGNATED DDA		5,000,000.00

**Money Market Fund Activity****Morgan Stan TreasSvc 8314**

\*As of September 30, 2025

USD

Dividend paid  
this period7 day\*  
simple yield30 day\*  
simple yield

232.76

3.930%

4.000%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Beginning Balance</b>		<b>1.0000</b>	<b>67,063.93</b>		<b>67,063.93000</b>
09/02/25	Reinvest	232.76000			232.76	67,296.69000
	<b>Ending Balance</b>		<b>1.0000</b>	<b>67,296.69</b>		<b>67,296.69000</b>

**Goldman FS Tr Ob Ins 468**

\*As of September 30, 2025

USD

Dividend paid  
this period7 day\*  
simple yield30 day\*  
simple yield

283,057.26

3.960%

4.060%

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Beginning Balance</b>		<b>1.0000</b>	<b>44,897,111.80</b>		<b>44,897,111.80000</b>
09/02/25	Reinvest	283,057.26000			283,057.26	45,180,169.06000
09/03/25	Redemption	(35,000,000.00000)		(35,000,000.00)		10,180,169.06000
09/05/25	Purchase	281,970.34000		281,970.34		10,462,139.40000
09/05/25	Purchase	4,955.00000		4,955.00		10,467,094.40000
09/08/25	Redemption	(1,351,299.38000)		(1,351,299.38)		9,115,795.02000
09/08/25	Purchase	4,522,312.50000		4,522,312.50		13,638,107.52000
09/09/25	Redemption	(13,638,107.52000)		(13,638,107.52)		0.00000
09/09/25	Purchase	13,803,599.22000		13,803,599.22		13,803,599.22000
09/10/25	Purchase	5,052,777.78000		5,052,777.78		18,856,377.00000
09/11/25	Purchase	100,000,000.00000		100,000,000.00		118,856,377.00000
09/12/25	Redemption	(13,985,337.13000)		(13,985,337.13)		104,871,039.87000
09/16/25	Purchase	10,211,750.00000		10,211,750.00		115,082,789.87000



Statement Ending: September 30, 2025

## KERN HEALTH SYSTEMS

Account Number: [REDACTED]

## Money Market Fund Activity (Continued)

Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
09/23/25	Purchase	32,960,398.75000		32,960,398.75		148,043,188.62000
09/23/25	Redemption	(98,000,000.00000)		(98,000,000.00)		50,043,188.62000
09/25/25	Purchase	5,000,000.00000		5,000,000.00		55,043,188.62000
09/26/25	Purchase	125,000.00000		125,000.00		55,168,188.62000
09/30/25	Redemption	(29,905,966.80000)		(29,905,966.80)		25,262,221.82000
09/30/25	Purchase	30,000,000.00000		30,000,000.00		55,262,221.82000
	<b>Ending Balance</b>		<b>1.0000</b>	<b>55,262,221.82</b>		<b>55,262,221.82000</b>
<b>JPMorgan UST Plus Inst 3918</b>			<b>Dividend paid this period</b>	<b>7 day* simple yield</b>	<b>30 day* simple yield</b>	
*As of September 30, 2025						
USD			205,171.43	3.970%	4.040%	
Transaction Date	Activity	Shares	Price	Market Value (\$)	Dividend Amount	Share Balance
	<b>Beginning Balance</b>		<b>1.0000</b>	<b>100,493,381.69</b>		<b>100,493,381.69000</b>
09/02/25	Reinvest	205,171.43000			205,171.43	100,698,553.12000
09/09/25	Redemption	(20,000,000.00000)		(20,000,000.00)		80,698,553.12000
09/09/25	Redemption	(59,742,370.80000)		(59,742,370.80)		20,956,182.32000
09/11/25	Purchase	100,000,000.00000		100,000,000.00		120,956,182.32000
09/16/25	Redemption	(41,000,000.00000)		(41,000,000.00)		79,956,182.32000
	<b>Ending Balance</b>		<b>1.0000</b>	<b>79,956,182.32</b>		<b>79,956,182.32000</b>



PMIA/LAIF Performance Report  
as of 11/05/25



Quarterly Performance  
Quarter Ended 9/30/25

LAIF Apportionment Rate <sup>(2)</sup> :	4.34
LAIF Earnings Ratio <sup>(2)</sup> :	0.00011893333163814
LAIF Administrative Cost <sup>(1)*</sup> :	0.26
LAIF Fair Value Factor <sup>(1)</sup> :	1.001929581
PMIA Daily <sup>(1)</sup> :	4.19
PMIA Quarter to Date <sup>(1)</sup> :	4.24
PMIA Average Life <sup>(1)</sup> :	254

PMIA Average Monthly  
Effective Yields<sup>(1)</sup>

October	4.150
September	4.212
August	4.251
July	4.258
June	4.269
May	4.272

Pooled Money Investment Account  
Monthly Portfolio Composition <sup>(1)</sup>  
9/30/25  
\$161.7 billion

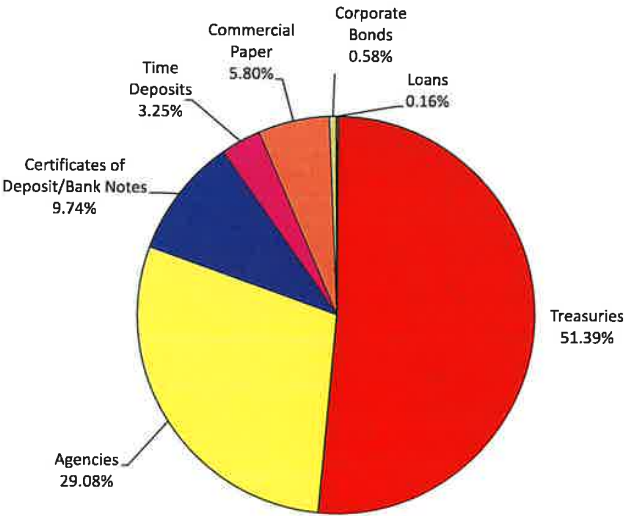


Chart does not include \$987,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

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

\*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

Source:  
<sup>(1)</sup> State of California, Office of the Treasurer  
<sup>(2)</sup> State of California, Office of the Controller



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** Annual Renewal of Reinsurance Policy  
**DATE:** December 12, 2025

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### **Background**

Kern Health Systems (“KHS”) has purchased a reinsurance policy to mitigate the costs of catastrophic cases since the plan’s inception. The KHS population has changed significantly over the last several years with SPD and Long-Term Care members incurring high medical costs. Additionally, KHS will be at full risk for major organ transplants beginning January 1, 2026, which replaces a risk corridor that has been in place with the State over the last several years. This may pose an increase in catastrophic claims in 2026 along with the unknown longer term medical expenses relating to Covid-19.

KHS has experienced a significant increase in Long Term Acute Care Hospital (LTACH) claims at Kindred Hospital for 2025, which has caused a corresponding increase in our reinsurance claims. For 2025, we had three members whose annual expense at Kindred exceeded \$1 million. To counteract this exposure, the KHS clinical team has taken initiatives to have care provided at facilities other than Kindred when possible.

### **Discussion**

Beginning January 1, 2025, Risk Strategies has served as the broker of record for the design, marketing, and placement of reinsurance. For the 2026 reinsurance renewal, Risk Strategies reviewed the current reinsurance program, risk profile and potential reinsurance market opportunities.

The current 2025 reinsurance policy covers Inpatient, Outpatient, LTACH, and Skilled Nursing facility care, and drugs provided in these same settings. KHS has a deductible level of \$750,000 for each member with a \$2,000,000 annual limit per member for the reinsurance recovery. Additionally, we have a corridor/aggregate deductible equal to approximately \$2,000,000 for the policy year. This is another level of self-insurance which helps us keep our premiums at a much lower level.

Risk Strategies performed the following analysis for KHS:

1. Analyzed 4 years (including the current) of KHS claims data.
2. Advised KHS on their findings relative to the optimal structure.
3. Engaged with select reinsurance markets for the purpose of 2026 quote indications at the requested structures.
4. Presented comprehensive findings to KHS relative to risk profile, reinsurance market opportunities and implied financial value of quotes recasting prior years claims.

### **Fiscal Impact**

The current 2025 Reinsurance Policy is with OdysseyRe (AM Best rating A+ Superior Financial Size Category XV). As noted, we have a \$750,000 deductible, a blended rate of \$.71 pmpm and an aggregate deductible of \$.45 pmpm with an estimated total exposure of \$4,995,990. This is comprised of \$3,056,366 for paid premium and \$1,939,624 for the aggregate deductible.

We will be adding additional reinsurance coverage for the D-SNP line of business in 2026.

Based on information through October 31, 2025, KHS has received \$4,861,381 in Reinsurance Recoveries on an **annual premium estimate** of \$3,056,366. These are actual recoveries after exhausting the previously mentioned \$2 Million corridor/aggregate deductible. Additionally, we expect additional recoveries of approximately \$1,350,000. At this point in time, we expect to have a loss ratio of 203%, but it will go higher as additional claims develop. We have until December 31, 2026, to turn in claims for the 2025 policy period.

### **Best quote options from Risk Strategies:**

Understanding that we are running at an extremely high loss ratio with our current reinsurer, Senior Management believed it was necessary to solicit additional market quotes in case OdysseyRe's renewal increase was too significant. Although we would have preferred to stay with OdysseyRe, their offer was significantly higher than other quotes obtained for the same coverage terms, and despite Risk Strategies best efforts to close the rate gap, they were unable to do so.

Senior Management is recommending moving the reinsurance policy for 2026 to PartnerRe. PartnerRe is one of the largest and most longstanding reinsurers in the managed care market and has offices in California. They have an AM Best rating A+ Superior Financial Size Category XV.

### **Risk Assessment**

Not only has KHS seen a significant increase in high-cost claims, but it is our understanding that this is the case with the entire California Medi-Cal marketplace. Risk Strategies works with 8 Medi-Cal plans in CA, and shared with us the following:

Within the past two years Risk Strategies has seen 9 claims with paid amounts in excess of \$4 million. The paid amount for those claims are as follows:

\$10.5 M, \$8.3M, \$6.6M, \$5.4M, \$5.3M, \$4.8M, \$4.5M, \$4.2M and \$4.0M.

As such, we believe it is not only prudent to continue to purchase Reinsurance, but we also believe that we need to increase our Per Member Per Year limit from \$2 million to \$10 million. The annual premium cost to increase our limit to \$10 Million is approximately \$370,000.

We have looked at multiple options, and we believe the best option for KHS is to increase our deductible from \$750,000 to \$1,000,000 for our SPD and Non-SPD members. For D-SNP, the deductible will be \$750,000. From our market research, this is in line with the level purchased by our other Medi-Cal health plans.

Increasing our deductible allows us to manage our rather large reinsurance premium increase, while still protecting KHS from budget risk variance due to the increased frequency of high-cost claims.

The annual premium for 2026 is projected to be \$5,865,276 with a corridor/ASD of \$2,780,657 for a total liability of \$8,645,933. This is still a meaningful increase from our current total liability of \$4,995,990, but given our past results, this is the best option available for KHS.

The 2026 Budget includes estimated reinsurance premium payments of \$5,900,000.

By moving the reinsurance program from OdysseyRe to PartnerRe with the changes listed above, KHS will be realizing a premium savings of \$4.6M and a total exposure savings of \$7.1M.

Representatives from Risk Strategies will be available to discuss the attached presentation and answer questions.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to enter into, sign and/or amend a new contract, with legal approval, with PartnerRe for a one (1) year term from January 1, 2026 through December 31, 2026 with a total not to exceed amount of \$5,900,000 for the entire term of the contract.,



## 2026 Reinsurance Renewal Presentation

December 12, 2025



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11	Recommendation
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13	Disclosure Contingencies





## RENEWAL PROGRESS

- During the renewal strategy meeting, the decision was made to conduct a full marketing effort.
- As we work through this renewal season, we have seen a hardening of the reinsurance market resulting in very significant increases across all populations, including Medicaid. Risk Strategies works with seven of the California Medicaid Plans, and various others in the Pacific Northwest. We have seen a dramatic increase in the large claims over the past several years. Some of the larger paid claims in the past two years: \$10.5 M, \$8.3M, \$6.6M, \$5.4M, \$5.3M, \$4.8M, \$4.5M, \$4.2M, \$4.0M, Seeing claims of this size has forced the Reinsurance market to realize they need higher margins to sustain this type of Volatility.
- For this renewal cycle, RSC solicited quotes from 17 reinsurance markets, 3 of which provided quotes.
- We continued negotiations with two finalists, Odyssey Re and Partner Re, who offered the most competitive rates and terms.
- Ironshore was originally not competitive relative to finalists but we continued to negotiate. Ironshore did bring down their rates to be more inline with the finalists however terms were not as favorable.
- At the time of the renewal strategy meeting our analysis indicated the potential for a significant increase considering a projected 2025 loss ratio at that time of 203%.
- We understand there are two review meetings following Risk Strategies delivery of our recommendation – the first on December 12<sup>th</sup> and the second on December 18<sup>th</sup>. We should move to bind the 2026 policy by December 22<sup>nd</sup> to avoid having to provide additional disclosure.



# 2025 LOSS RATIO

Kern Health System						
Agreement Period	Carrier	Retention	Member Months (Estimated)	Premium Paid (Estimated)	Claim Recoveries (To date)	Loss Ratio (Current)
2025	Odyssey	\$750,000	4,520,301	\$3,056,366	\$4,861,381	159.06%

2025 is incomplete and will show further development.

Annualized Membership and Premium are estimated. We have received actual figures through October.

As of the most recent file, which includes claims and payments incurred through October 31<sup>st</sup> there have been 23 claims over the deductible with the largest claim to date of \$2.45M.

There is an additional \$1.35M in estimated recoveries based on the most recent file received. If there is nothing further, that will result in a loss ratio of approximately 203%.

The above loss ratio reflects the carrier's results, however it's important to note there was a \$2M Aggregating Specific Deductible (ASD)\*. To date there are \$8.2M in claims excess of retention and coinsurance.

\*ASD is an additional layer of self insurance where the first claims that exceed the specific deductible will be applied before any reinsurance recoveries will occur.

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## MARKETING SUMMARY

Quote/Indication
Odyssey
Partner Re
Ironshore

Declination	
Berkley (uncompetitive)	Saltus (unable to meet RFP due date)
Carbon (uncompetitive)	Sirius (unable to meet RFP due date)
Chatham (uncompetitive)	Starline (unable to meet RFP due date)
Hannover (uncompetitive – originally indicated 6x increase – then withdrew)	Swiss Re (appetite – not writing CA Medicaid)
Old Republic (unable to meet RFP due date)	Westfield (appetite)
RGA (unable to meet RFP due date)	

## RATE PAGE – EXISTING RETENTION RENEWAL

2026 Projected Member Months	Existing Policy						
	Expiring Retention	Pay Rate	Annualized Pay Rate	ASD Rate	Annualized ASD Pool	Max out of pocket	Annualized Premium
SPD: 255,240	\$750k	\$3.16	\$806,558	\$1.99	\$507,928	\$5.15	\$1,314,486
Non-SPD: 4,090,560	\$750k	\$0.55	\$2,249,808	\$0.35	\$1,431,696	\$0.90	\$3,681,504

\$750K Existing Retention Renewal \$2M Limit - SPD	Partner Re			Odyssey		
	Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	\$12.86	\$6.41	\$19.27	\$13.72	\$11.94	\$25.66
Annualized Pay Rate	\$3,282,386			\$3,501,893		
Annualized ASD Rate		\$1,636,088			\$3,047,566	
Annualized Out of Pocket Max			\$4,918,475			\$6,549,458
Compared to Existing Rate	306.96%	222.11%	274%	334.18%	500.00%	398.25%
Total Cost to move to \$5M Limit			\$5,122,667			\$7,511,713
Total Cost to move to \$10M Limit			\$5,291,125			\$7,542,342
Total Cost to move to Unlimited			\$5,349,830			N/A

\$750K Existing Retention Renewal \$2M Limit - Non-SPD	Partner Re			Odyssey		
	Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	\$1.25	\$0.66	\$1.91	\$1.73	\$1.51	\$3.24
Annualized Pay Rate	\$5,113,200			\$7,076,669		
Annualized ASD Rate		\$2,699,770			\$6,176,746	
Annualized Out of Pocket Max			\$7,812,970			\$13,253,414
Compared to Existing Rate	127.27%	88.57%	112.22%	214.55%	331.43%	260.00%
Total Cost to move to \$5M Limit			\$8,262,931			\$14,276,054
Total Cost to move to \$10M Limit			\$8,508,365			\$14,398,771
Total Cost to move to Unlimited			\$8,631,082			N/A

Additional quote received by Ironshore at a significantly higher annualized cost and more restrictive terms. SPD \$6,391,210 Non-SPD \$17,916,653

*The Experience Based Rate does not contemplate any additional charge for specialty drugs, cell and gene therapies or unlimited limit of liability.*

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## RATE PAGE – HIGHER RETENTION OPTIONS - \$1M RETENTION

\$1M Retention \$2M Limit - SPD	Partner Re			Odyssey		
	Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	\$7.66	\$3.62	\$11.28	\$10.19	\$6.39	\$16.58
Annualized Pay Rate	\$1,955,138			\$2,600,896		
Annualized ASD Rate		\$923,969			\$1,630,984	
Annualized Out of Pocket Max			\$2,879,107			\$4,231,879
Compared to Expiring Rate	142.41%	81.91%	119.03%	222.47%	221.11%	221.94%
Total Cost to move to \$5M Limit			\$3,001,622			\$5,194,134
Total Cost to move to \$10M Limit			\$3,103,718			\$5,224,763
Total Cost to move to Unlimited			\$3,142,004			N/A

\$1M Retention \$2M Limit - Non-SPD	Partner Re			Odyssey		
	Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	\$0.80	\$0.43	\$1.23	\$1.36	\$0.85	\$2.21
Annualized Pay Rate	\$3,272,448			\$5,563,162		
Annualized ASD Rate		\$1,758,941			\$3,476,976	
Annualized Out of Pocket Max			\$5,031,389			\$9,040,138
Compared to Expiring Rate	45.45%	22.86%	36.67%	147.27%	142.86%	145.56%
Total Cost to move to \$5M Limit			\$5,317,728			\$10,062,778
Total Cost to move to \$10M Limit			\$5,481,350			\$10,185,494
Total Cost to move to Unlimited			\$5,563,162			N/A

# RATE PAGE – DSNP - \$750K and \$1M RETENTION

\$750K Retention \$2M Limit - DSNP	Projected Member Months	Partner Re			Odyssey		
		Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	19,200	\$2.14	\$0.77	\$2.91	\$13.72	\$11.94	\$25.66
Annualized Pay Rate		\$41,088			\$263,424		
Annualized ASD Rate			\$14,784			\$229,248	
Annualized Out of Pocket Max				\$55,872			\$492,672
Total Cost to move to \$5M Limit				\$60,288			\$565,056
Total Cost to move to \$10M Limit				\$60,864			\$567,360
Total Cost to move to Unlimited				\$61,248			N/A

\$1M Retention \$2M Limit - DSNP	Projected Member Months	Partner Re			Odyssey		
		Pay Rate	ASD Rate	Total Out of Pocket Max	Pay Rate	ASD Rate	Total Out of Pocket Max
	19,200	\$1.25	\$0.44	\$1.69	\$10.19	\$6.39	\$16.58
Annualized Pay Rate		\$24,000			\$195,648		
Annualized ASD Rate			\$8,448			\$122,688	
Annualized Out of Pocket Max				\$32,448			\$318,336
Total Cost to move to \$5M Limit				\$35,712			\$390,720
Total Cost to move to \$10M Limit				\$36,672			\$393,024
Total Cost to move to Unlimited				\$37,248			N/A

## TOTAL ANNUALIZED TOTALS FOR ALL OPTIONS

\$2M Limit	Partner Re - \$750K Retention			Partner Re - \$1M Retention			Partner Re - \$1.25M Retention			Partner Re - \$1.5M Retention		
	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max
SPD	\$3,282,386	\$1,636,088	\$4,918,475	\$1,955,138	\$923,969	\$2,879,107	\$1,217,495	\$548,766	\$1,766,261	\$740,196	\$319,050	\$1,059,246
Non-SPD	\$5,113,200	\$2,699,770	\$7,812,970	\$3,272,448	\$1,758,941	\$5,031,389	\$2,495,242	\$1,349,885	\$3,845,126	\$2,045,280	\$1,104,451	\$3,149,731
DSNP	\$41,088	\$14,784	\$55,872	\$24,000	\$8,448	\$32,448	\$14,976	\$5,184	\$20,160	\$9,792	\$3,264	\$13,056
<b>Total Projected Spend</b>	<b>\$8,436,674</b>	<b>\$4,350,642</b>	<b>\$12,787,316</b>	<b>\$5,251,586</b>	<b>\$2,691,358</b>	<b>\$7,942,944</b>	<b>\$3,727,712</b>	<b>\$1,903,835</b>	<b>\$5,631,547</b>	<b>\$2,795,268</b>	<b>\$1,426,765</b>	<b>\$4,222,033</b>

\$5M Limit	Partner Re - \$750K Retention			Partner Re - \$1M Retention			Partner Re - \$1.25M Retention			Partner Re - \$1.5M Retention		
	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max
SPD	\$3,486,578	\$1,636,088	\$5,122,667	\$2,077,654	\$923,969	\$3,001,622	\$1,258,333	\$548,766	\$1,807,099	\$755,510	\$319,050	\$1,074,560
Non-SPD	\$5,399,539	\$2,863,392	\$8,262,931	\$3,476,976	\$1,840,752	\$5,317,728	\$2,577,053	\$1,349,885	\$3,926,938	\$2,086,186	\$1,104,451	\$3,190,637
DSNP	\$44,352	\$15,936	\$60,288	\$26,496	\$9,216	\$35,712	\$17,472	\$6,144	\$23,616	\$12,288	\$4,224	\$16,512
<b>Total Projected Spend</b>	<b>\$8,930,470</b>	<b>\$4,515,416</b>	<b>\$13,445,886</b>	<b>\$5,581,126</b>	<b>\$2,773,937</b>	<b>\$8,355,062</b>	<b>\$3,852,858</b>	<b>\$1,904,795</b>	<b>\$5,757,653</b>	<b>\$2,853,984</b>	<b>\$1,427,725</b>	<b>\$4,281,709</b>

\$10M Limit	Partner Re - \$750K Retention			Partner Re - \$1M Retention			Partner Re - \$1.25M Retention			Partner Re - \$1.5M Retention		
	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max
SPD	\$3,655,037	\$1,636,088	\$5,291,125	\$2,179,750	\$923,969	\$3,103,718	\$1,340,010	\$548,766	\$1,888,776	\$801,454	\$319,050	\$1,120,504
Non-SPD	\$5,644,973	\$2,863,392	\$8,508,365	\$3,640,598	\$1,840,752	\$5,481,350	\$2,740,675	\$1,349,885	\$4,090,560	\$2,208,902	\$1,104,451	\$3,313,354
DSNP	\$44,928	\$15,936	\$60,864	\$27,264	\$9,408	\$36,672	\$18,240	\$6,144	\$24,384	\$12,672	\$4,224	\$16,896
<b>Total Projected Spend</b>	<b>\$9,344,938</b>	<b>\$4,515,416</b>	<b>\$13,860,354</b>	<b>\$5,847,612</b>	<b>\$2,774,129</b>	<b>\$8,621,741</b>	<b>\$4,098,925</b>	<b>\$1,904,795</b>	<b>\$6,003,720</b>	<b>\$3,023,028</b>	<b>\$1,427,725</b>	<b>\$4,450,753</b>

Unlimited	Partner Re - \$750K Retention			Partner Re - \$1M Retention			Partner Re - \$1.25M Retention			Partner Re - \$1.5M Retention		
	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max	Annual Pay Rate	Annual ASD Rate	Total Out of Pocket Max
SPD	\$3,713,742	\$1,636,088	\$5,349,830	\$2,218,036	\$923,969	\$3,142,004	\$1,385,953	\$548,766	\$1,934,719	\$837,187	\$319,050	\$1,156,237
Non-SPD	\$5,767,690	\$2,863,392	\$8,631,082	\$3,722,410	\$1,840,752	\$5,563,162	\$2,822,486	\$1,349,885	\$4,172,371	\$2,290,714	\$1,104,451	\$3,395,165
DSNP	\$45,312	\$15,936	\$61,248	\$27,840	\$9,408	\$37,248	\$18,816	\$6,144	\$24,960	\$13,248	\$4,224	\$17,472
<b>Total Projected Spend</b>	<b>\$9,526,744</b>	<b>\$4,515,416</b>	<b>\$14,042,160</b>	<b>\$5,968,285</b>	<b>\$2,774,129</b>	<b>\$8,742,414</b>	<b>\$4,227,256</b>	<b>\$1,904,795</b>	<b>\$6,132,050</b>	<b>\$3,141,149</b>	<b>\$1,427,725</b>	<b>\$4,568,874</b>

# NET COST ANALYSIS



SPD Deductible	PartnerRe			
	\$750,000	\$1,000,000	\$1,250,000	\$1,500,000
A. Quoted Premium Rate	\$12.86	\$7.66	\$4.77	\$2.90
B. Est Member Months	255,240	255,240	255,240	255,240
C. Annual Premium (AxB)	\$3,282,386	\$1,955,138	\$1,217,495	\$740,196
D. Projected Claim Cost pmpm	\$9.25	\$5.65	\$3.95	\$2.69
E. Less Annual Claim Cost (BxD)	(\$2,360,970)	(\$1,442,106)	(\$1,008,198)	(\$686,596)
F. Cost of Coverage (C-E)	\$921,416	\$513,032	\$209,297	\$53,600
G. Expected Loss Ratio (E/C)	71.93%	73.76%	82.81%	92.76%

Non-SPD Deductible	PartnerRe			
	\$750,000	\$1,000,000	\$1,250,000	\$1,500,000
A. Quoted Premium Rate	\$1.25	\$0.80	\$0.61	\$0.50
B. Est Member Months	4,090,560	4,090,560	4,090,560	4,090,560
C. Annual Premium (AxB)	\$5,113,200	\$3,272,448	\$2,495,242	\$2,045,280
D. Projected Claim Cost pmpm	\$1.33	\$0.86	\$0.57	\$0.41
E. Less Annual Claim Cost (BxD)	(\$5,440,445)	(\$3,517,882)	(\$2,331,619)	(\$1,677,130)
F. Cost of Coverage (C-E)	(\$327,245)	(\$245,434)	\$163,622	\$368,150
G. Expected Loss Ratio (E/C)	106.40%	107.50%	93.44%	82.00%

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## 2026 RECOMMENDATION

SPD	Partner Re \$1M Retention - \$10M Limit				Odyssey \$1M Retention - \$10M Limit		
	SPD Pay Rate	SPD ASD Rate	Total Out of Pocket Max		SPD Pay Rate	SPD ASD Rate	Total Out of Pocket Max SPD
	\$8.54	\$3.62	\$12.16		\$13.96	\$6.39	\$20.35
Annualized Pay Rate	\$2,179,750				\$3,563,150		
Annualized ASD Rate		\$923,969				\$1,630,984	
Annualized Out of Pocket Max			\$3,103,718				\$5,194,134
Non-SPD	Partner Re \$1M Retention - \$10M Limit				Odyssey \$1M Retention - \$10M Limit		
	Pay Rate	ASD Rate	Total Out of Pocket Max		Pay Rate	ASD Rate	Total Out of Pocket Max
	\$0.89	\$0.45	\$1.34		\$1.64	\$0.85	\$2.49
Annualized Pay Rate	\$3,640,598				\$6,708,518		
Annualized ASD Rate		\$1,840,752				\$3,476,976	
Annualized Out of Pocket Max			\$5,481,350				\$10,185,494
DSNP	Partner Re \$750K Retention - \$10M Limit				Odyssey \$750K Retention \$10M Limit		
	Pay Rate	ASD Rate	Total Out of Pocket Max		Pay Rate	ASD Rate	Total Out of Pocket Max
	\$2.34	\$0.83	\$3.17		\$13.96	\$6.39	\$20.35
Annualized Pay Rate	\$44,928				\$268,032		
Annualized ASD Rate		\$15,936				\$122,688	
Annualized Out of Pocket Max			\$60,864				\$390,720
Combined	Partner Re All Programs Combined				Odyssey All Programs Combined		
	Premium	ASD	Total Out of Pocket Max		Premium	ASD	Total Out of Pocket Max
Existing Annualized using 2026 Projected MMS	\$3,056,366	\$1,939,624	\$4,995,990		\$3,056,366	\$1,939,624	\$4,995,990
2026 Rates for Revised Program	\$5,865,276	\$2,780,657	\$8,645,933		\$10,539,701	\$5,230,648	\$15,770,348
Increase of 2026 over 2025	\$2,808,910	\$841,033	\$3,649,943		\$7,483,334	\$3,291,024	\$10,774,358
Partner Re savings compared to Odyssey Renewal	\$4,674,425	\$2,449,991	\$7,124,416				



## PROGRAM COMPARISON



	Odyssey Re	Partner Re
Members Covered	Medicaid SPD/DSNP and Medicaid Non-SPD	Medicaid SPD, Medicaid Non-SPD, DSNP
Coverage	HMO Reinsurance	HMO Reinsurance
Claims Basis	12/24 Claims incurred within the policy period and paid, reported and submitted within 12 months after the agreement period	12/24 Claims incurred within the policy period and paid, reported and submitted within 12 months after the agreement period
Retention	\$750K	\$750K
ASD	Varies by option from \$9.2M - \$2M	Varies by option from \$4.5M - \$1.4M
Coinsurance	90%	90%
Limit of Liability	\$2M	\$2M \$5k per day at Kindred
Valuation	Amount Paid	Amount Paid
Eligible	Inpatient Services including Pharmaceuticals Outpatient Services including Pharmaceuticals LTAC / SNF Organ & Tissue Transplants Physician Services (when part of a fixed transplant fee) Allocable Claim Adjustment Expense	Inpatient Services including Pharmaceuticals Outpatient Services including Pharmaceuticals LTAC / SNF Organ & Tissue Transplants Physician Services (when part of a fixed transplant fee) Allocable Claim Adjustment Expense
Exclusions	Professional (except when provided in the facilities above) Cellular and Gene Therapy services Durable Medical Equipment Ambulance Part D	Professional (except when provided in the facilities above) Cellular and Gene Therapy services Durable Medical Equipment Ambulance Part D
Run in	Included	TBD
Carry-Forward	31 day at renewal	31 day at renewal
Minimum Annual Premium	75% of estimated premium	75% of estimated premium

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DISCLOSURE/CONTINGENCIES

	Odyssey Re	Partner Re
Disclosure	<ul style="list-style-type: none"><li>• Satisfied/Offered bindable rates subject to note below.</li></ul>	<ul style="list-style-type: none"><li>• Satisfied/Offered bindable rates.</li></ul>
Contingencies	<ul style="list-style-type: none"><li>• Further review of clinical notes for four specific members.</li></ul>	<ul style="list-style-type: none"><li>• Bind coverage before 12/31.</li></ul>

# Thank You!

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Innovative



Collaborative



Passionate



Client Service



Partner





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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** 2026 Budget  
**DATE:** December 12, 2025

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### **Background**

The 2026 Budget supports the KHS 2026-2028 Strategic Plan Initiatives (“Initiatives”) and prioritizes the continued support afforded to the Safety Net and Community Providers. The scope of the Initiatives reflects the expanded role Medi-Cal Managed Care health plans will be responsible for under the CalAIM initiative continuing during 2026.

Specifically, CalAIM has three primary goals:

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

Major CalAIM initiatives that will continue during 2026 include:

- Launch of the KHS dual special needs plan (D-SNP) line of business January 1, 2026. Significant preparations are underway to ensure successful implementation is achieved. The goal of a D-SNP is to provide seamless integrated care coordination and wrap-around services for the most vulnerable population. An integrated D-SNP provides a more coordinated approach to managing a person’s care while ensuring all aspects of care are aligned and managed by a single health plan which will reduce gaps in care and improve health outcomes. Regulatory requirements for CMS are substantially different than Medi-Cal.
  - Regulatory filing for Notice of Intent to Apply (NOIA) to CMS for D-SNP product was submitted in November 2025 which paves the way for the formal CMS application in 2026 for plan year 2027.
  - CMS H contract submission is due to CMS in February 2026 for the plan year 2027.
  - Evaluate and revise the approved Medicare Model of Care maintaining compliance with NCQA, DHCS, and CMS requirements ensuring quality and holistic care is delivered to our dually eligible population.

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- Evaluate and create process improvement for D-SNP lines of business considering all functional areas.
  - Develop a mechanism to ensure all regulatory reporting requirements are completed including a tracking log for Compliance oversight.
  - Delegation oversight of all D-SNP partners to ensure compliance with CMS, DHCS, and DMHC regulatory requirements. Partners include:
    - Pharmacy Benefit Manager (PBM)
    - Medication Therapy Management (MTM)
    - Administrative services partner
    - Supplemental benefit partners
  - Market analysis of competitor benefit offerings to drive plan year 2027 Bid.
  - Development of D-SNP Product and Bid including supplemental benefits due to CMS in June 2026 for plan year 2027.
- DHCS is requiring Medi-Cal managed care plans to implement a New Transitional Rent Program to provide coverage of rent/temporary housing to members who are experiencing or at risk of homelessness and meet certain additional eligibility requirements. This new benefit will be known as “Transitional Rent” and is expected be effective January 1, 2026. The population of focus that we will implement in 2026 will be the Behavioral Health Population. KHS will work closely with Kern Behavioral Health and Recovery Services (KBHRS) on coordinating these services after the first six months of rent coverage by the Managed Care Plan and the additional six months will be covered by KBHRS through Proposition 1 funding they received from state. The Transition Rent services will be coordinated with other Community Support services, such as the Housing Trio, Recuperative Care and Short-Term Post Hospitalization Housing.
  - Maintain NCQA accreditation and implement processes to ensure compliance for both health and health equity standards.
  - Continue Enhanced Care Management (ECM) as a comprehensive approach to addressing the clinical and non-clinical needs of high-need, high-cost members through coordination of services and comprehensive care management. Over the years, more Medi-Cal members will qualify for Enhanced Care Management through expansion among existing qualified enrollees or adding new member eligibility categories.
  - Continue Community Support Services (CSS) also formerly referred to as In Lieu of Services or ILOS. These services are provided as a substitute for, or used to avoid, other more costly covered services, such as a hospital or skilled nursing facility admission or a discharge delay. Such a service may or may not be medically related, but by their proper use, should reduce medical costs.

At its conclusion, CalAIM will transform Medi-Cal Managed Care health plans to provide a more equitable and broader range of benefits through an integrated delivery system comprised of traditional medical services, behavior health services (including specialty mental health) substance use disorder services (detox and therapeutic) and dental care.

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Since 2012, we have witnessed an increase in membership from expansion in eligibility, adoption of the affordable care act and inclusion of a variety of new coverage categories and programs like Seniors and Persons with Disabilities (SPDs), Community Based Adult Services (CBAS), childless adults, children with autism and undocumented children and young adults.

Newly eligible populations present unique challenges. KHS expanded its network of providers, both in scope and depth, so that the appropriate level and type of services would be available to treat new members often with medically complex conditions. Much of what has been developed and implemented over the past 13 years relates to the creation and administration of these new programs and the additional benefits and expanded services that accompany them. Enrollment in KHS has increased over 300% during that time to where today, KHS serves approximately 400,000 of Kern County's residents.

#### **Recently Enacted California Legislation Impacting the KHS 2026 Budget**

The 25-26 FY State Budget included some impactful policy decisions which go into effect in 2026. The State is freezing enrollment into full scope Medi-Cal for adults with unsatisfactory immigration status (UIS). This will result in a reduction in enrollment for this population as a percentage of members due for redetermination are likely to miss deadlines and be frozen out of the program.

DHCS is also reinstating caps on the assets individuals can have and still qualify for the program. This change mostly impacts older adults and is projected to affect up to a few thousand members in Kern County.

Finally, Assembly Bill 3275 goes into effect on January 1, 2026 which impacts claims payment timelines. Claims not paid within 30 days will begin accruing interest, where previously this was 45 days. This will require KHS to update our Claims payment processes and systems and has potential financial impact on interest payment calculations.

#### **Recently Enacted Federal Legislation Impacting the KHS 2026 Budget**

The passage of House Resolution 1 (AKA One Big Beautiful Bill) by congress included many provisions which impact Medi-Cal. The implementation of these provisions spans many years, but there are some which are effective in 2026. The most immediate impact is related to the Managed Care Organization Tax (MCO Tax). Language in the bill drastically limits these funds immediately, but it allows for transition periods at the discretion of the Federal administration (CMS). On November 14<sup>th</sup> CMS issued guidance that the MCO Tax would be able to continue through June 30, 2026, but may be eligible for a longer transitionary period.

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By the end of 2026, States must verify eligibility for Medicaid Expansion enrollees every 6 months. KHS will need to work with the County Department of Human Services and DHCS in preparation for this change.

The bill included “work requirements” for certain able-bodied adults effective no sooner than the end of 2026. There is a process for States to request a delay up to the end of 2028, but it is unclear whether California will be granted a delay.

Finally, Starting October 1, 2026 HR 1 reduces the federal matching rate for emergency services to individuals who, due to their immigration status, would have qualified for the ACA’s optional adult expansion group, refugees, asylees, and other lawfully residing individuals. This funding loss will increase General Fund spending or reduce services under the Medicaid benefit. These changes may increase financial pressure on safety-net providers, particularly hospitals that provide significant emergency care to noncitizens.

### **2026 Key Initiatives for KHS**

Besides the State and Federal mandated changes impacting the 2026 budget, the following internal initiatives are scheduled for next year including:

- Sixteen (16) corporate projects for improving processes, initiating new programs or enhancing services such as:
  - Updating the Claims Provider Dispute Workflow to expedite processing time in response to reduced regulatory timeframes.
  - Expanding the implementation of Closed Loop Referral (CLR) systems and processes to comply with DHCS requirements to streamline referral workflows and improve coordination of care across health and social services.
  - Continue implementation of third-party MOUs to comply with the DHCS Contract updates.
  - Supporting MA D-SNP Operational Readiness beyond initial launch requirements.
  - Submit 2026 MA D-SNP regulatory requirements including D-SNP and MA Part D applications, bid submissions and updates to the Medicaid contract.
  - Establish D-SNP Quality Management programs including D-SNP STARS and RAF (Risk Adjustment Factor), mirroring current MCAS / HEDIS audit requirements.
  - Expand the Enhanced Care Management (ECM) network to include new Populations of Focus (POF) including Transitional Rent and fully implement the Justice Involved (JI) population.
  - Enterprise Risk Management Mitigation conducted by an enterprise risk management team to minimize organizational-wide risk and identify unique opportunities.
  - Fulfilling Community Support Services (CSS) 2026 Scope of Work and Model of Care, implementing Transitional Rent Program and onboarding CBOs approved for PATH funding.



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- Incorporating DHCS Medi-Cal Connect platform to enhance data sharing, improve care coordination, and support compliance with CalAIM and DHCS requirements.
- Preparation for the CMS Interoperability and Prior Authorization Final Rule (CMS-0057-F), requiring compliance by 2027 to enhance data sharing, streamline prior authorization processes, and reduce administrative burden for providers and members.
- Upgrade claims systems (QNXT) platform, including a major software change to maintain support on the most current workflow platforms.
- Conduct Robotic Automation Pilot to automate end user testing, reduce upgrade costs and timelines, and decrease reliance on external vendors.
- Upgrade Cloud Migration of Team Dynamix (TDX), our IT Service Management and Project Management System.
- Various technological updates and systems upgrades to ensure software maintenance and support contracts remain valid.
- Annual cyber security audit (InfoSec) with continued work to achieve HighTrust CSF certification.
- Enhance member outcomes and engagement through continued development of a comprehensive CRM platform and the expansion of the Member incentives across new or existing programs for enterprise-wide eligibility including a solution for real-time delivery of incentives in 2026. This initiative is part of our three-horizon roadmap to enable real-time rewards fulfillment, reporting, and a more engaging member experience.
- Restructure Health Services Department using technology to improve member access to evidence-based care and to improve health outcomes.
- The KHS Behavioral Health (BH) team will advance initiatives that strengthen provider performance, member engagement, and cost accountability. This will include implementing the MOU with Kern Behavioral Health Recovery Services and schools to ensure coordination between physical and mental health services.
- Expansion of the Transition of Care Services Program to ensure all members that experience a change in level of care receive services as required by DHCS.
- Continued implementation and maturity of health equity efforts across key stakeholder groups: members, providers, employees, and community. Per DHCS mandate, continually refine governance of quality and health equity initiatives through the Executive Quality Improvement Health Equity Committee (EQIHEC) in partnership with the CMO and clinical departments.
- JIVA Medical Management System Upgrade to integrate new and improve existing functionality as our clinical platform for population management. New modules and other integrative functions will improve KHS ability to approach care coordination through a holistic lens in support of CalAIM, Population Health and preparation for the D-SNP population.
- Identify and mitigate social determinants of health and reduce health disparities or inequities in two major categories: geographically and with special populations in alignment with DHCS mandates.
- Expand departmental dashboards to deliver real-time visibility into operational metrics across all business units to enable data-driven decisions that improve efficiency and accountability.

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- Define and refine the Medical Loss Ratio (MLR) dashboard to provide accurate, timely monitoring of financial performance. The dashboard will enhance executive transparency and inform budgeting considerations, ensuring alignment with value-based care objectives under CalAIM.
- Ensure compliance with state-mandated coordination of benefits to mitigate unwarranted costs and recoveries. This includes implementing robust processes for retroactive eligibility activities based on updated state data, reducing financial risk while maintaining member continuity of care.

#### **Support for Existing Programs and Initiatives in 2026**

- Continued support of KHS members in the annual redetermination process including continued collaboration with Kern County Department of Human Services staff, member mailings, AI calls, text messaging and personal calls to assist members in completing their annual redetermination paperwork on time.
- Continue to coordinate innovative efforts to automate and customize outreach modalities to improve targeted messaging and health care reminders to encourage members to become owners of their own care including a multi-channel outreach approach.
- Maintain improved member experience and efficiency of rewards delivery through a newly implemented Member Rewards Program fulfillment solution with robust tracking mechanisms.
- Continue to monitor and measure member and provider satisfaction independently via satisfaction surveys in line with NCQA and DMHC requirements. Utilize the survey results to identify potential need for improvement. Collaborate cohesively with stakeholders to develop strategies to boost member and provider satisfaction.
- Improving the quality of life and addressing social determinants of health needs of our members throughout Kern County by leveraging community collaborations through our sponsorships and community grant program. We promote and assist local non-profit organizations devoted to improving the life and wellbeing of Kern County's most vulnerable citizens. Through this we bring value enhanced benefits to our members as many of them receive assistance through programs, services and events from these trusted community partners.
- Integrate additional data sources for member risk stratification and segmentation, driven by NCQA Accreditation and value-based care goals. DHCS also requires participation in a universal Medi-Cal platform to capture social determinants of health and align with a county-specific Health Information Exchange.
- Enhance use of the Care Gradient Analysis Predictive Modeling tool to segment members by diagnosis and risk level, enabling more precise engagement strategies. The focus will be on integrating predictive insights into care management workflows and aligning interventions with CalAIM's whole-person care objectives.
- Advance automation initiatives across Health Services departments to streamline workflows, reduce manual intervention, and improve turnaround times. This includes expanding robotic process automation (RPA) for repetitive tasks and integrating tools that enhance accuracy and operational efficiency.

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- Roll out of a standardized framework for defining, tracking, and reporting outcome metrics across all departments. This includes aligning Key Performance Indicators (KPIs) with strategic goals, embedding dashboards for real-time visibility, and using data to drive continuous improvement. Departments will receive quarterly performance reviews to ensure accountability and identify opportunities for operational excellence.
- Introduce a proactive compliance audit schedule that combines automated monitoring with targeted deep-dive reviews. Audits will focus on compliance with DHCS and DMHC requirements, as well as internal policy adherence. Findings will feed into a corrective action tracking system, ensuring timely resolution and reducing regulatory risk.
- Implement a unified risk assessment methodology to identify and mitigate risks related to provider contracts, vendor relationships, and data exchanges and deploy a centralized risk register, integrating risk scoring into project planning, and providing quarterly risk heatmaps to leadership.
- Operationalize responsible-AI governance with human-in-the-loop controls; strengthen data lineage, masking/encryption, audit logging, and incident response to protect PHI/PII while enabling trustworthy AI insights.
- Deploy compliant, multilingual AI to personalize outreach across Voice/Text/email/portal, using clinical, claims, and social determinants of health signals to prioritize high-need members with human oversight and equity-focused analytics to close care gaps.
- KHS' School Wellness Grant Program will continue to support the 10 awarded public schools in the county with funding to implement wellness programs that improve the physical, emotional, social and behavioral health and wellbeing of students.
- Refinement of member and community-based wellness initiatives aimed at promoting and enhancing the health and wellness of members and the community. This includes evaluating the effectiveness of the provider-based obesity management programs and community-based fitness programs, while optimizing departmental efficiency and responsiveness to ensure programs better meet the needs of members and achieve desired outcomes.
- Continued collaboration with Kern County with the Tobacco Free Coalition of Kern County, Kern County Asthma Coalition, Black Infant Maternal Health Initiative, and the Kern County Breastfeeding Coalition.
- Execute and operationalize all DHCS mandated MOUs with Local Government Agencies (LGA), including Kern Behavioral Recovery Services (KBHRS), Kern County Department of Public Services, Kern County District Attorney, Kern County Department of Human Services, Kern Regional Center, Kern County Probation Dept, First 5 of Kern, and Women, Infants, and Children (WIC), Community Action Partnership of Kern (CAPK) and Clinica Sierra Vista (CSV). Prepare for execution of 2026 and 2027 MOUs with additional LGAs such as County Jails, Adult and Juvenile Correctional Facilities and Local Education Agencies.
- Expand member engagement with Community Health Workers to promote utilization and expanding outreach efforts.
- Ongoing partnership with California State University, Bakersfield and Bakersfield College to offer public health internships at KHS, with an emphasis on recruiting participation from KHS members.

- Enhancement of quality and accessibility of cultural and linguistic services to meet the diverse needs of members. This includes ongoing training and professional development opportunities for KHS staff and providers involved in delivering linguistic services.
- Population Health Management initiatives will continue through 2026 to develop and maintain a whole system, person centered population health management strategy for addressing member needs across the continuum of care based on data driven risk stratification, predictive analytics, and standardized assessment processes for 2026 readiness.
- Continue with managing the Major Organ Transplant and Long-Term Care benefit that took place on January 1, 2022, with the inclusion of Heart, Lung, Liver and Pancreas transplants.
- Develop and implement a provider education program of evidence-based management of patients with complex medical conditions. Obtain accreditation to provide Category 2 CME and CEU to network providers.
- Expanding Population Health Management program offerings to include other chronic cardio-pulmonary diagnoses such as Heart Failure (HF), and Obesity Management Program.
- Expanded Regulatory Oversight for quality-of-care measures and timely access to care standards in service of greater health equity. DHCS and DMHC are releasing an increasing volume of guidance/directives/reporting requirements – with increased complexity - both through and outside of All Plan Letters (APLs). Along the same lines, increased scrutiny/oversight from regulators (through Audits, other DHCS/DMHC oversight activities), which requires Corrective Action Planning, follow up, and internal audits.
- Establishing an Enterprise Risk Management (ERM) program that will provide the knowledge and framework to identify and evaluate emerging risks through design along with launching a program that combines existing risk management practices that provides an explanation in familiar terms of how enterprise risk management will benefit KHS and facilitates conversations around the topic of risk for all stakeholders. Development and oversight of a risk framework serves to improve member safety, operational and financial efficiency, and maintain compliance by connecting strategic initiatives, risk, and performance. By proactively managing risks across the organization, KHS strives for a higher standard of care, a more resilient organization, and fulfills its mission to provide high-quality healthcare.
- KHS has established a comprehensive compliance program to help the organization achieve its commitment to adhere to the highest ethical standards of conduct in all business practices. The central focus of KHS' compliance program is to prevent fraud, waste, and abuse while at the same time advancing the mission of providing affordable and extraordinary primary and specialty care that adheres to and aligns with the regulatory requirements under the office of Inspector General (OIG). The overall compliance efforts are aimed at prevention, detection, and resolution of variances through audits and monitoring activities to identify new or emerging risks through active monitoring and ongoing delegated oversight of contracted providers and community partners.
- Strengthening KHS' departmental policy and procedures reviews to ensure the documents reflect current, new or emerging processes accurately. Ongoing and annual policy reviews and revisions are essential to reflect changes in the needs of the organization and in the law, and alignment with of government payer health plans and emerging threats.

To: KHS Finance Committee

Re: 2026 Budget

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- Compliance is dedicated to ensuring the privacy and security of the PHI and personally identifiable information (PII) that may be created, received, maintained, transmitted, used, or disclosed in relation to KHS' membership. Investigating potential breaches and remediating promptly assists with protecting the organization. KHS strictly complies with the standards and requirements of the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH).
- Enhancing Managed Care Accountability Set (MCAS) Tracking and Reporting, including expanded electronic data collection and stratification by various diversity segments (race, ethnicity, etc.)
- Continued expansion of mobile health services for preventative care and gaps in care closures.
- Continue year-round direct member outreach program to bring awareness to members, educate members about benefits associated with completing the measures and scheduling appointments all to improve minimal performance levels (MPL) requirements for MCAS measures.
- Evaluate and revise Pay for Performance to reward providers who demonstrate improved MCAS performance and include other non-MCAS preventative care measures.
- Expand pregnancy related programs to improve pre and postnatal compliance to promote healthy babies with increased focus on maternal mental health and depression.
- Continue to pilot specific incentive programs to drive performance in MCAS measures such as Diabetes, Behavioral Health, outside of the traditional primary care setting.
- Expand provider support and education for collection of data for social determinants of health (SDoH) and provision of Basic Population Health Management through preventative screenings and assessments, e.g., PHQ-2; PHQ-9 (psychiatric health questionnaire), ACE (Adverse Childhood Events), EPSDT (Early Prevention Screening and Diagnostic Testing), IHA (Initial Health Assessment), HRA (Health Risk Assessment), etc.
- Continued development of Provider Performance Based reimbursement arrangements.
- Explore value based purchasing and alternative payment methodologies.
- Transition the in-house Medication Therapy Management Program (MTM) for eligible members not deemed eligible in an Enhanced Care Management provider setting to a Comprehensive Pharmacy Program to allow broader reconciliation of member's medication and care coordination with providers and facilities. The plan is also responsible for any medications that fall under the medical benefit. KHS performs utilization management and appropriate use of those services.
- These activities will be delegated to the Pharmacy Benefit Manager (PBM) but overseen and monitored by KHS.
- Develop and provide training and support for KHS staff in each new phase of CalAIM. Conduct ongoing trainings for contracted providers on ECM, Community Supports, Population Health Management and Behavioral Health Program Providers to ensure the providers network is strengthened and has robust tools available to manage the KHS benefits and membership appropriately.

**Budget - Resources for Programs Designed to Enhance Member or Provider Experience**

Finally, the 2026 budget will provide resources to support a variety of programs administered either directly or through collaboration with outside organizations. Examples include:

- Autism Spectrum Disorder Behavioral Therapy, including non-Autism diagnoses. Address Gap in Non-Utilized Authorizations for BHT/ABA Services. Enhance the utilization and effectiveness of authorized Behavioral Health Treatment (BHT/ABA) services by improving care engagement, coordination, and culturally responsive outreach. This goal aims to reduce service gaps and improve member outcomes through proactive, family-centered strategies and stronger collaboration with educational partners.
- The Behavioral Health Team will refer members that may need services from the Kern Regional Center Coordination of Care team. The BH team will monitor referrals and ensure the member is connected for services based on the member's evaluation.
- In alignment with the Department of Health Care Services (DHCS) and the California Youth Behavioral Health Initiative (CYBHI), BH will lead efforts on fully implementing and operationalizing the CYBHI Fee Schedule by the end of 2026. This effort is a critical step in transforming the behavioral health system for children and youth ages 0–25 enrolled in Medi-Cal. KHS will prioritize the technical, operational, and contractual changes required to ensure the Fee Schedule is embedded into our payment infrastructure and supported by our provider network. Throughout 2026, KHS will focus on expanding provider readiness, streamlining billing and claims processes, aligning contracts, and monitoring implementation progress with a focus on equity and quality. This goal also supports broader CYBHI objectives, including increased access, reduced disparities, and greater integration of behavioral health care across child-serving systems.
- In 2026, KHS will continue to be the lead agency to manage the Homeless Management Information System (HMIS) for the local continuum of care, Bakersfield Regional Homeless Collaborative.
- KHS will continue to collaborate with Community Based Organizations (CBOs) to ensure our members have access to resources and services they may need in the community. We are working to implement a Closed Loop Referral system to manage referrals to the CBOs.
- The Kern County Public Health Department for new and existing public health issues, including Black Infant and Maternal Health, tobacco cessation, preventative care and immunizations, communicable and sexually transmitted disease, as well as the Community Health Assessment and Community Health Improvement Plan.
- KHS will continue to work closely with Kern County Department of Human Services to implement work request outreach and education.

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**2026 Budget Documents**

Attached are the following documents relating to the 2026 Budget:

- 1) Consolidated Operating Budget
- 2) Operating Budget by Aid Category
- 3) D-SNP Budget
- 4) Enrollment Assumptions
- 5) Revenue Assumptions
- 6) Administrative Expense Assumptions
- 7) Budgeted FTE by Department
- 8) Capital Budget for 2026
- 9) Preliminary 2025 Year-end and Projected 2026 TNE and Minimum Liquidity Calculations

**Requested Action**

Approve the 2026 Budget and refer to KHS Board of Directors.

**KERN HEALTH SYSTEMS  
P & L BY MAJOR CATEGORY OF SERVICE  
2026 BUDGET**

	2026 BUDGET	EST. ANNUAL 2025	DIFFERENCE	PMPM 2026 BUDGET	PMPM 2025 ANNUAL	PMPM DIFFERENCE	PMPM % DIFFERENCE
	\$	\$	\$	4,644,000	4,869,000	(225,000)	-5%
<b>REVENUE</b>							
Capitation (excludes Prop 56 & GEMT)	1,645,780,504 (11)	1,539,866,307	105,914,197	354.39	316.26	38.13	12%
Maternity Kick Supplemental Payment	44,850,500	49,804,745	(4,954,245)	9.66	10.23	(0.57)	-6%
Community Support Services	53,494,720 (4)	24,943,105	28,551,615	11.52	5.12	6.40	125%
Enhanced Care Management	52,511,807 (5)	66,110,850	(13,599,043)	11.31	13.58	(2.27)	-17%
Transitional Rent	3,600,000	-	3,600,000	0.78	-	0.78	100%
Proposition 56 Supplemental Payments	22,401,080	22,686,004	(284,924)	4.82	4.66	0.16	4%
Ground Emergency Medical Transportation (GEMT) Payment	6,769,414	6,403,243	366,171	1.46	1.32	0.14	11%
Total MCAL Revenue	1,829,408,025	1,709,814,254	119,593,771	393.93	351.16	42.77	12%
Add-Ons (Directed Provider Payments)	675,270,263	704,358,629	(29,088,366)	145.41	144.66	0.75	1%
MCO Tax Revenue	706,491,720	709,635,614	(3,143,894)	152.13	145.75	6.38	4%
Interest	15,000,000	25,255,097	(10,255,097)	3.23	5.19	(1.96)	-38%
Reinsurance	5,800,000	5,825,949	(25,949)	1.25	1.20	0.05	4%
<b>TOTAL REVENUE</b>	<b>3,231,970,008</b>	<b>3,154,889,543</b>	<b>77,080,465</b>	<b>695.95</b>	<b>647.95</b>	<b>47.99</b>	<b>7%</b>
<b>MEDICAL</b>							
Inpatient Hospital	410,820,527 (10)	407,499,089	3,321,438	88.46	83.69	4.77	6%
Outpatient Facility	188,271,662	187,040,916	1,230,746	40.54	38.41	2.13	6%
Emergency Room Facility	81,994,228	80,769,156	1,225,072	17.66	16.59	1.07	6%
Primary Physician Services	112,031,303	111,187,650	843,653	24.12	22.84	1.29	6%
Urgent Care	37,780,703	37,475,783	304,920	8.14	7.70	0.44	6%
Physician Specialty	314,368,119	311,590,630	2,777,489	67.69	63.99	3.70	6%
Behavioral Health Treatment and Mental Health	53,702,628	50,069,204	3,633,424	11.56	10.28	1.28	12%
Other Medical Professional	30,354,191	30,151,319	202,872	6.54	6.19	0.34	6%
Enhanced Care Management	49,886,216 (5)	59,302,808	(9,416,591)	10.74	12.18	(1.44)	-12%
Major Organ Transplant	-	6,475,086	(6,475,086)	-	1.33	(1.33)	-100%
DME	27,089,372	26,905,390	183,982	5.83	5.53	0.31	6%
Home Health and CBAS	19,210,870	19,011,676	199,194	4.14	3.90	0.23	6%
Other- Ambulance and Non-Emergent Transportation	74,138,424	73,643,655	494,769	15.96	15.13	0.84	6%
Other - LTC (Short-Term), SNF, Hospice	132,797,621	131,179,346	1,618,275	28.60	26.94	1.65	6%
Pay for Performance Quality Incentive	6,966,000	7,292,267	(326,267)	1.50	1.50	0.00	0%
Community Support Services	50,819,984 (4)	46,894,571	3,925,413	10.94	9.63	1.31	14%
CalAIM Incentive Program	2,500,000 (6)	8,661,099	(6,161,099)	0.54	1.78	(1.24)	-70%
Transitional Rent	3,420,000	-	3,420,000	0.74	-	0.74	100%
Provider Enhancement Expense - Prop 56	21,281,026	21,556,479	(275,453)	4.58	4.43	0.16	4%
Provider Enhancement Expense - GEMT	6,430,943	6,509,480	(78,537)	1.38	1.34	0.05	4%
Risk Coordinator	5,500,000	5,591,081	(91,081)	1.18	1.15	0.04	3%
Add-Ons Directed Provider Payments	675,270,263	704,372,068	(29,101,805)	145.41	144.66	0.74	1%
Reinsurance Premium	5,800,000	3,151,478	2,648,522	1.25	0.65	0.60	93%
Member Quality Incentives	5,556,000 (7)	6,000,000	(444,000)	1.20	1.23	(0.04)	-3%
Medical Department Compensation - MLR Allocation	58,520,147 (8)	59,612,813	(1,092,666)	12.60	12.24	0.36	3%
UM/QA Costs (including Utilization & Quality Review)	12,315,683 (9)	10,710,475	1,605,208	2.65	2.20	0.45	21%
<b>Total Medical Costs</b>	<b>2,386,825,912</b>	<b>2,412,653,518</b>	<b>(25,827,606)</b>	<b>513.96</b>	<b>495.51</b>	<b>18.45</b>	<b>4%</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>845,144,096</b>	<b>742,236,026</b>	<b>102,908,071</b>	<b>181.99</b>	<b>152.44</b>	<b>29.55</b>	<b>19%</b>



<b>ADMINISTRATIVE</b>	<b>94,193,021</b>	<b>92,702,861</b>	<b>1,490,161</b>	<b>20.28</b>	<b>19.04</b>	<b>1.24</b>	7%
<b>NET PROFIT/(LOSS) BEFORE MCO TAX</b>	<b>750,951,075</b>	<b>649,533,165</b>	<b>101,417,910</b>	<b>161.70</b>	<b>133.40</b>	<b>28.30</b>	21%
<b>MCO TAX EXPENSE</b>	<b>706,491,720</b>	<b>709,635,614</b>	<b>(3,143,894)</b>	<b>152.13</b>	<b>145.75</b>	<b>6.38</b>	4%
<b>NET PROFIT/(LOSS) AFTER MCO TAX</b>	<b>44,459,355</b>	<b>(60,102,450)</b>	<b>104,561,804</b>	<b>9.57</b>	<b>(12.34)</b>	<b>21.92</b>	-178%
<b>COMMUNITY REINVESTMENT</b>	<b>2,500,000</b> (13)	<b>-</b>					
<b>NET D-SNP LOSS</b>	<b>7,280,938</b> (3)	<b>2,180,113</b>					
<b>STRATEGIC AND PROVIDER GRANT EXPENSES</b>	<b>2,400,000</b> (12)	<b>7,600,000</b>					
<b>NET PROFIT/(LOSS) AFTER GRANT EXPENSE</b>	<b>32,278,417</b>	<b>(69,882,563)</b> (1)(2)					
<b>MEDICAL LOSS RATIO (EXCLUDING MCO TAX, GRANTS, DIRECTED PAYMENTS AND D-SNP)</b>	92.51%	98.13%					
<b>ADMIN RATIO (EXCLUDING MCO TAX, GRANTS, DIRECTED PAYMENTS AND D-SNP)</b>	5.09%	5.33%					

- (1) 2025 has been adjusted to remove approximately \$37.5 million of net favorable adjustments related to prior periods including retro capitation adjustments, IBNR and paid claims adjustments recognized as of September 2025.
- (2) The 2025 annual amounts are estimated amounts using the YTD September Financials, the 2025 Budget, and other adjustments due to timing differences and availability of updated current information.
- (3) This is the projected net loss for the D-SNP/MediCare line of business with a scheduled go-live date of January 1, 2026. See attachment 3.
- (4) The 2026 budget assumes a significant increase in community support services program revenue due to rate increases included in the preliminary rate information for provided for CY 2026. Community support services program expenses are assumed to be 95% of revenue.
- (5) The 2026 budget assumes a significant decrease in program revenue and expense due to ECM rate decreases included in the preliminary rate information for provided for CY 2026. ECM expenses are assumed to be 95% of revenue.
- (6) The 2026 budget assumes Incentive Payment Program (IPP) expense of \$2.5 million.
- (7) The 2026 budget assumes a decrease in expenses for improving quality outcome measures for members due to declining membership.
- (8) The 2026 budget reflects budgeted salary increases for medical department FTEs needed to support healthcare MLR initiatives, new programs, and a full year compensation for positions hired during the 2025 year.
- (9) The 2026 budget reflects increases in clinical technology fees, professional resources, and staff training and professional development expenses for medical departments.
- (10) The CY 2026 Budget reflects an expected reduction of \$4.00 pmpm for Inpatient Hospital expense due to initiatives being implemented by the Clinical team through 2026 which will offset contract pricing increases and expected increases in utilization.
- (11) The CY 2026 budgeted capitation revenue is based on CY 2026 Prospective Rates received 10/30/2025. Projected membership for CY 2026 is consistent with the States member projections.
- (12) The 2023-2025 KHS Grant Program of \$20 million was approved by the BOD on June 15, 2023. The 2026 budget assumes the remaining balance of grants awarded under the program will be distributed in CY 2026.
- (13) Community Reinvestment required by DHCS based on 5% of annual net income.

**KERN HEALTH SYSTEMS**  
**P & L BY MAJOR CATEGORY OF SERVICE**  
**2026 BUDGET**

	ALL COAs		CHILD & ADULT		SPD & OTHER		EXPANSION	
	4,644,000		\$ 2,781,960		\$ 541,440		\$ 1,320,600	
<b>REVENUE</b>								
Capitation	1,645,780,504	354.39	566,077,436	203.48	467,823,800	864.04	611,879,268	463.33
Maternity Kick	44,850,500	9.66	39,951,358	14.36	-	-	4,899,142	3.71
Community Support Services	53,494,720	11.52	12,877,477	4.63	23,308,737	43.05	17,308,506	13.11
Enhanced Care Management	52,511,807	11.31	23,077,142	8.30	11,539,754	21.31	17,894,910	13.55
Transitional Rent	3,600,000	0.78	1,243,966	0.45	1,030,584	1.90	1,325,450	1.00
Proposition 56 Supplemental Payments	22,401,080	4.82	16,511,428	5.94	469,481	0.87	5,420,172	4.10
GEMT	6,769,414	1.46	1,833,358	0.66	1,929,858	3.56	3,006,198	2.28
Total MCAL Revenue	1,829,408,025	393.93	661,572,165	237.81	506,102,214	934.73	661,733,646	501.09
Add-Ons (Directed Provider Payments)	675,270,263	145.41	284,817,065	102.38	120,984,768	223.45	269,468,430	204.05
MCO Tax Revenue	706,491,720	152.13	423,219,575	152.13	82,369,267	152.13	200,902,878	152.13
Interest	15,000,000	3.23	5,183,192	1.86	4,294,101	7.93	5,522,708	4.18
Reinsurance	5,800,000	1.25	2,400,000	0.86	2,200,000	4.06	1,200,000	0.91
<b>TOTAL REVENUE</b>	<b>3,231,970,008</b>	<b>695.95</b>	<b>1,377,191,996</b>	<b>495.04</b>	<b>715,950,350</b>	<b>1,322.31</b>	<b>1,138,827,662</b>	<b>862.36</b>
<b>MEDICAL</b>								
Inpatient Hospital	410,820,527	88.46	129,430,967	46.53	107,064,021	197.74	174,325,539	132.00
Outpatient Facility	188,271,662	40.54	57,729,843	20.75	50,938,296	94.08	79,603,523	60.28
Emergency Room Facility	81,994,228	17.66	42,897,823	15.42	8,181,158	15.11	30,915,246	23.41
Primary Physician Services	112,031,303	24.12	65,740,497	23.63	9,915,012	18.31	36,375,795	27.54
Urgent Care	37,780,703	8.14	25,928,424	9.32	2,101,762	3.88	9,750,518	7.38
Physician Specialty	314,368,119	67.69	122,668,579	44.09	65,621,066	121.20	126,078,474	95.47
Behavioral Health Treatment and Mental Health	53,702,628	11.56	30,434,642	10.94	17,510,170	32.34	5,757,816	4.36
Other Medical Professional	30,354,191	6.54	11,739,871	4.22	5,923,354	10.94	12,690,966	9.61
Enhanced Care Management	49,886,216	10.74	21,923,285	7.88	10,962,767	20.25	17,000,165	12.87
DME	27,089,372	5.83	8,373,700	3.01	12,139,085	22.42	6,576,588	4.98
Home Health and CBAS	19,210,870	4.14	2,142,109	0.77	11,429,798	21.11	5,638,962	4.27
Other- Ambulance and Non-Emergent Transportation	74,138,424	15.96	23,090,268	8.30	26,828,352	49.55	24,219,804	18.34
Other - LTC, SNF, Hospice	132,797,621	28.60	7,666,247	2.76	104,785,154	193.53	20,346,220	15.41
Pay for Performance Quality Incentive	6,966,000	1.50	4,172,940	1.50	812,160	1.50	1,980,900	1.50
Community Support Services	50,819,984	10.94	12,233,603	4.40	22,143,300	40.90	16,443,081	12.45
CalAIM Incentive Program	2,500,000	0.54	1,497,610	0.54	291,473	0.54	710,917	0.54
Transitional Rent	3,420,000	0.74	1,181,768	0.42	979,055	1.81	1,259,177	0.95
Provider Incentive Payments - Prop 56 & GEMT	27,711,969	5.97	17,427,546	6.26	2,279,372	4.21	8,005,052	6.06
Risk Corridor	5,500,000	1.18	5,000,000	1.80	-	-	500,000	0.38
Add Ons Directed Provider Payments	675,270,263	145.41	284,817,065	102.38	120,984,768	223.45	269,468,430	204.05
Reinsurance Premium	5,800,000	1.25	2,400,000	0.86	2,200,000	4.06	1,200,000	0.91
Member Quality Incentives	5,556,000	1.20	1,919,854	0.69	1,590,535	2.94	2,045,611	1.55
Medical Department Compensation - MLR Allocation	58,520,147	12.60	20,221,409	7.27	16,752,760	30.94	21,545,978	16.32
Other Utilization & Quality Review Expenses	12,315,683	2.65	4,255,636	1.53	3,525,652	6.51	4,534,395	3.43
<b>Total Medical Costs</b>	<b>2,386,825,912</b>	<b>513.96</b>	<b>904,893,687</b>	<b>325.27</b>	<b>604,959,068</b>	<b>1,117.32</b>	<b>876,973,156</b>	<b>664.07</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>845,144,095</b>	<b>181.99</b>	<b>472,298,310</b>	<b>169.77</b>	<b>110,991,281</b>	<b>204.99</b>	<b>261,854,506</b>	<b>198.28</b>
<b>ADMINISTRATIVE</b>	<b>94,193,021</b>	<b>20.28</b>	<b>32,548,032</b>	<b>11.70</b>	<b>26,964,954</b>	<b>49.80</b>	<b>34,680,035</b>	<b>26.26</b>
<b>NET PROFIT/(LOSS) BEFORE MCO TAX</b>	<b>750,951,074</b>	<b>161.70</b>	<b>439,750,277</b>	<b>158.07</b>	<b>84,026,328</b>	<b>155.19</b>	<b>227,174,471</b>	<b>172.02</b>
<b>MCO TAX EXPENSE</b>	<b>706,491,720</b>	<b>152.13</b>	<b>423,219,575</b>	<b>152.13</b>	<b>82,369,267</b>	<b>152.13</b>	<b>200,902,878</b>	<b>152.13</b>
<b>NET PROFIT/(LOSS) AFTER MCO TAX</b>	<b>44,459,354</b>	<b>9.57</b>	<b>16,530,703</b>	<b>5.94</b>	<b>1,657,061</b>	<b>3.06</b>	<b>26,271,593</b>	<b>19.89</b>
<b>MEDICAL LOSS RATIO (EXCLUDING MCO TAX AND DIRECTED PROVIDER PAYMENTS)</b>	92.51%		92.67%		94.42%		90.88%	
<b>ADMIN RATIO (EXCLUDING MCO TAX AND DIRECTED PAYMENTS)</b>	5.09%		4.86%		5.26%		5.19%	

**KERN HEALTH SYSTEMS  
MEDICARE D-SNP  
2026 BUDGET**

	D-SNP	
	Member Months	19,200
	\$	PMPM
<b>REVENUE</b>		
Medicare Rates and Member Premium	37,067,377	1,930.59
Reinsurance	100,000	5.21
<b>TOTAL MEDICARE REVENUE</b>	<b>37,167,377</b>	<b>1,935.80</b>
<b>MEDICAL</b>		
Inpatient Hospital	11,120,628	579.20
Outpatient Facility	6,383,848	332.49
Primary Physician Services	1,455,953	75.83
Physician Specialty	2,085,712	108.63
Mental Health	66,203	3.45
Other Medical Professional	8,136,501	423.78
DME	563,726	29.36
Pharmacy (Net of Rebates)	6,147,293	320.17
Home Health	838,478	43.67
Other- Ambulance and Non-Emergent Transportation	276,124	14.38
Other - LTC, SNF, Hospice	1,618,990	84.32
Reinsurance Premium	100,000	5.21
<b>TOTAL MEDICAL COSTS</b>	<b>38,793,455</b>	<b>2,020.49</b>
<b>GROSS PROFIT/(LOSS)</b>	<b>(1,626,078)</b>	<b>(84.69)</b>
<b>ADMINISTRATIVE</b>		
Compensation	1,442,687	75.14
Purchased Services	3,947,569	205.60
Supplies	203,475	10.60
Other Administrative Expenses	61,129	3.18
<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>5,654,860</b>	<b>294.52</b>
<b>NET PROFIT/(LOSS)</b>	<b>(7,280,938)</b>	<b>(379.22)</b>

**KERN HEALTH SYSTEMS**  
**BUDGETED MEMBER MONTHS**  
**CY 2026**

<b>MEDI-CAL</b>	<b>JAN'26</b>	<b>FEB'26</b>	<b>MAR'26</b>	<b>APR'26</b>	<b>MAY'26</b>	<b>JUN'26</b>	<b>JUL'26</b>	<b>AUG'26</b>	<b>SEP'26</b>	<b>OCT'26</b>	<b>NOV'26</b>	<b>DEC'26</b>	<b>CY 2026</b>
<b>Child SIS (1)(3)</b>	156,000	155,800	155,600	155,400	155,200	155,000	154,800	154,600	154,400	154,200	154,000	153,800	1,858,800
<b>Child UIS (3)</b>	9,000	8,960	8,920	8,880	8,840	8,800	8,760	8,720	8,680	8,640	8,600	8,560	105,360
<b>Adult SIS (3)</b>	52,000	51,800	51,600	51,400	51,200	51,000	50,800	50,600	50,400	50,200	50,000	49,800	610,800
<b>Adult UIS (2)</b>	20,000	19,500	19,000	18,500	18,000	17,500	17,000	16,500	16,000	15,500	15,000	14,500	207,000
<b>Expansion SIS (3)</b>	95,000	94,600	94,200	93,800	93,400	93,000	92,600	92,200	91,800	91,400	91,000	90,600	1,113,600
<b>Expansion UIS (2)</b>	20,000	19,500	19,000	18,500	18,000	17,500	17,000	16,500	16,000	15,500	15,000	14,500	207,000
<b>SPD SIS (3)</b>	18,000	17,950	17,900	17,850	17,800	17,750	17,700	17,650	17,600	17,550	17,500	17,450	212,700
<b>SPD UIS (3)</b>	2,500	2,490	2,480	2,470	2,460	2,450	2,440	2,430	2,420	2,410	2,400	2,390	29,340
<b>SPD FULL DUAL SIS (3)</b>	25,000	24,900	24,800	24,700	24,600	24,500	24,400	24,300	24,200	24,100	24,000	23,900	293,400
<b>SPD FULL DUAL UIS</b>	500	500	500	500	500	500	500	500	500	500	500	500	6,000
<b>TOTAL MEDI-CAL</b>	<b>398,000</b>	<b>396,000</b>	<b>394,000</b>	<b>392,000</b>	<b>390,000</b>	<b>388,000</b>	<b>386,000</b>	<b>384,000</b>	<b>382,000</b>	<b>380,000</b>	<b>378,000</b>	<b>376,000</b>	<b>4,644,000</b>
<b>D-SNP (4)</b>	500	700	900	1,100	1,300	1,500	1,700	1,900	2,100	2,300	2,500	2,700	19,200
<b>TOTAL KHS</b>	<b>398,500</b>	<b>396,700</b>	<b>394,900</b>	<b>393,100</b>	<b>391,300</b>	<b>389,500</b>	<b>387,700</b>	<b>385,900</b>	<b>384,100</b>	<b>382,300</b>	<b>380,500</b>	<b>378,700</b>	<b>4,663,200</b>

SIS = Satisfactory Immigration Status

UIS = Unsatisfactory Immigration Status

(1) Assumes additional 500 births each month for Child

(2) Assumes a monthly reduction in membership due to changes in the "Easy Path" redetermination process and a freeze on UIS enrollment (30% reduction for the year)

(3) Assumes a monthly reduction in membership due to changes in the "Easy Path" redetermination process(5% reduction for the year)

(4) Assumes additional 200 members each month for D-SNP

**KERN HEALTH SYSTEMS  
MEDI-CAL  
2026 REVENUE BUDGET**

**ENROLLMENT**

Child & Adult Members  
SPD & Other Members  
Expansion Members

**Total Members - MCAL**

2,781,960  
541,440  
1,320,600

**4,644,000**

**REVENUES**

Medicaid Child & Adult  
Medicaid Seniors & Persons w/Disabilities (SPD)& Other  
Medicaid Expansion  
SUBTOTAL PREMIUM REVENUE  
Directed Payment Revenue  
Title XIX - Medicaid - MCO Tax  
TOTAL MEDICAID REVENUE  
Interest Revenue  
Reinsurance Recoveries

**TOTAL REVENUES**

**PMPM**

237.81  
934.73  
501.09  
393.93  
145.41  
152.13  
691.47  
3.23  
1.25

**695.95**

**\$**

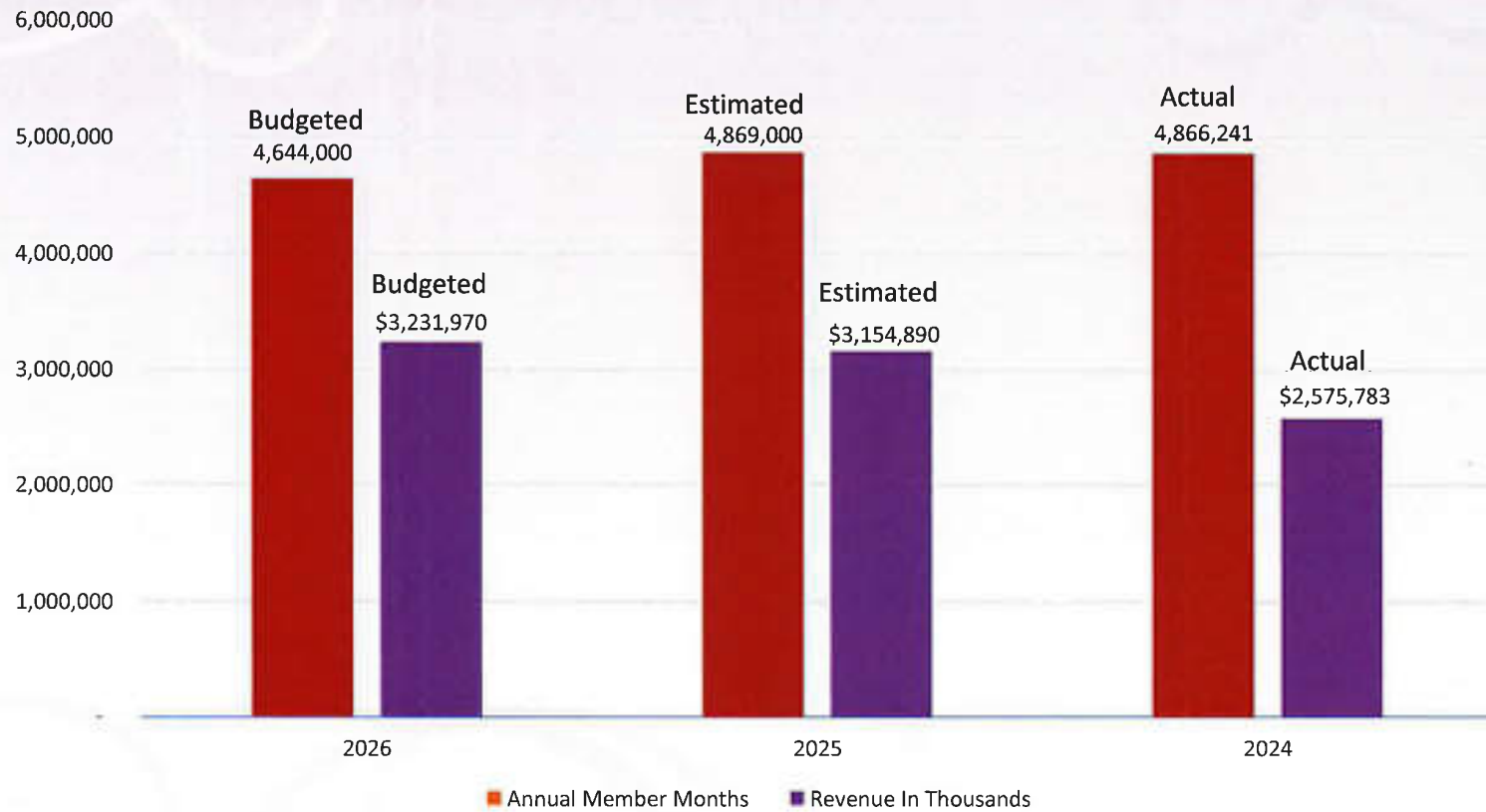
661,572,165  
506,102,214  
661,733,646  
1,829,408,025  
675,270,263  
706,491,720  
3,211,170,008  
15,000,000  
5,800,000

**3,231,970,008**

**REVENUE ASSUMPTIONS**

- (1) ESTIMATED PREMIUM REVENUE IS BASED ON CY 2026 PROSPECTIVE RATE INFORMATION RECEIVED 10/30/2025 AND KHS MEMBERSHIP ASSUMPTIONS. THE BASE RATES USED ARE NET OF THE 1% QUALITY WITHHOLD AMOUNT.
- (2) MATERNITY KICK REVENUE IS INCLUDED IN PREMIUM REVENUE AND IS BASED ON DHCS' DELIVERY ASSUMPTION OF 515 DELIVERIES PER MONTH. NEWBORNS ACCOUNT FOR A PORTION OF THE MONTHLY MEMBERSHIP INCREASE.
- (3) COMMUNITY SUPPORT SERVICE REVENUES INCLUDED IN PREMIUM REVENUE IS BUDGETED USING CY 2026 PROSPECTIVE RATE INFORMATION. EXPENSE IS BUDGETED TO BE 95% OF REVENUE.
- (4) ENHANCED CARE MANAGEMENT PROGRAM ADD-ON REVENUE INCLUDED IN PREMIUM REVENUE IS BUDGETED USING CY 2026 PROSPECTIVE RATE INFORMATION. EXPENSE IS BUDGETED TO BE 95% OF REVENUE.
- (5) TRANSITIONAL RENT REVENUE IS BASED ON PRELIMINARY RATE INFORMATION AND PROJECTED EXPERIENCE. EXPENSE IS BUDGETED TO BE 95% OF REVENUE.
- (6) PROP 56 ADD-ON REVENUE IS BASED ON PMPM RATES INCLUDED IN THE CY 2026 PROSPECTIVE RATE INFORMATION. 'PROP 56 EXPENSE IS BUDGETED TO BE 95% OF REVENUE.
- (7) GEMT ADD-ON REVENUE IS BUDGETED USING CY 2025 RATES AND ASSUMES NO SIGNIFICANT PROGRAM CHANGES FROM 2025. EXPENSE IS BUDGETED TO BE 95% OF REVENUE.
- (8) DIRECTED PAYMENT ADD-ON REVENUE INCLUDING PHDP, EPP, AND QIP IS BUDGETED USING ESTIMATED CY2025 RATES AS A PLACEHOLDER AS CURRENT RATES HAVE NOT BEEN PROVIDED BY DHCS. REVENUE AND EXPENSE ARE ASSUMED TO BE BUDGET NEUTRAL.
- (9) MCO TAX REVENUE IS BASED ON CY 2026 PROSPECTIVE RATE INFORMATION RECEIVED 10/30/2025 AND MEMBERSHIP ASSUMPTIONS. EXPENSE IS BUDGETED TO OFFSET REVENUE. THE MCO TAX IS PENDING A FINAL DECISION FROM CMS AND COULD BE ELIMINATED.
- (10) BUDGETED INTEREST REVENUE IS BASED ON A \$400 MILLION AVERAGE INVESTMENT BALANCE AT AN ASSUMED 3.75% INTEREST RATE. POTENTIAL UNKNOWN MARKET GAINS OR LOSSES ARE NOT INCLUDED.
- (11) REINSURANCE RECOVERIES ARE ASSUMED AT 100% OF PREMIUM.

# Revenue and Annual Member Months



## 2026 ADMINISTRATIVE BUDGET ASSUMPTIONS

KERN HEALTH SYSTEMS MEDI-CAL ADMINISTRATIVE EXPENSES	2026 BUDGET		2025 ESTIMATED		DIFFERENCE	
	PMPM	\$	PMPM	\$	PMPM	\$
<b>Administrative:</b>						
Compensation	10.45	48,549,690	10.09	49,138,139	0.36	(588,449) <sup>1</sup>
Purchased Services	6.29	29,195,565	5.41	26,319,570	0.88	2,875,995 <sup>2</sup>
Supplies	0.46	2,131,291	0.25	1,229,191	0.21	902,099 <sup>3</sup>
Depreciation	1.63	7,580,509	1.48	7,214,949	0.15	365,560 <sup>4</sup>
Other Administrative Expenses	1.45	6,735,966	1.81	8,801,012	(0.36)	(2,065,046) <sup>5</sup>
<b>Total Administrative Expenses</b>	<b>20.28</b>	<b>\$ 94,193,021</b>	<b>19.04</b>	<b>\$ 92,702,861</b>	<b>1.24</b>	<b>\$ 1,490,160</b>
<b>Member Months</b>		<b>4,644,000</b>		<b>4,869,000</b>		<b>(225,000)</b>

1.) COMPENSATION

COMPENSATION EXPENSE WAS BASED ON STAFFING LEVELS NECESSARY TO SUPPORT THE GRADUAL DECREASE IN ENROLLMENT TO 4,644,000 MEMBER MONTHS AND TO CONTINUE THE ADMINISTRATION AND MANAGEMENT OF MEMBER BENEFITS AND PROGRAMS REQUIRED BY DHCS.

- THE 2026 BUDGETED COMPENSATION REFLECTS THE ELIMINATION OF 20 ADMINISTRATIVE POSITIONS AND 7 TEMPORARY POSITIONS, RESULTING IN PROJECTED SAVINGS OF APPROXIMATELY \$2.5 MILLION COMPARED WITH 2025.
- THE 2026 BUDGETED COMPENSATION ALSO INCLUDES AN INCREASE OF APPROXIMATELY \$1.9 MILLION FOR A 3% AVERAGE MERIT ADJUSTMENT AND PROMOTIONS.

2.) PURCHASED SERVICES

- THE 2026 BUDGET INCLUDES APPROXIMATELY \$2.5 MILLION IN INCREASES FOR ANNUAL SYSTEM MAINTENANCE EXPENSES, INCLUDING NEW LICENSE PURCHASES AND CYBER SECURITY SYSTEM COSTS.
- THE 2026 BUDGET INCREASES INCLUDE \$1 MILLION FOR AI CALLING AGENT IMPLEMENTATION, \$2 MILLION FOR AI SOFTWARE, AND \$300K FOR MICROSOFT AZURE VMWARE.
- THE 2026 BUDGET INCREASES INCLUDE APPROX. \$70K FOR ADVERTISING AND PROMOTIONS, \$360K FOR PHARMACY/CLAIMS PROCESSING FEES, AND \$130K FOR LEGAL EXPENSES RELATED TO HEALTHCARE AND REGULATORY COMPLIANCE MATTERS.
- THE 2026 BUDGET REFLECTS DECREASES IN OTHER PROFESSIONAL SERVICES/CONSULTING FEES OF APPROXIMATELY \$3.5 MILLION.

3.) SUPPLIES

- THE 2026 BUDGETED SUPPLIES EXPENSE INCLUDES AN INCREASE OF APPROXIMATELY \$200K FOR OFFICE ITEMS SUCH AS LETTERHEAD, ENVELOPES, AND OFFICE EQUIPMENT.
- THE 2026 MEMBER MATERIALS BUDGET REFLECTS AN INCREASE OF APPROXIMATELY \$240K FOR MEMBER ID CARDS, HANDBOOKS, ORIENTATION, NEWSLETTERS, EDUCATIONAL MATERIAL, AS WELL AS \$460K FOR POSTAGE AND MAILING SERVICES

4.) DEPRECIATION

- THE 2026 DEPRECIATION EXPENSE IS EXPECTED TO INCREASE APPROXIMATELY \$365K REFLECTING A FULL YEAR OF DEPRECIATION FOR CAPITALIZED ASSETS COMPLETED AND PLACED INTO SERVICE IN 2025.

5.) OTHER ADMINISTRATIVE EXPENSES

- THE 2026 BUDGET INCLUDES EXPECTED INCREASES OF \$420K FOR PROPERTY & LIABILITY INSURANCE AND \$100K FOR TELEPHONE & COMMUNICATION EXPENSES.
- THE 2026 BUDGET REFLECTS DECREASES IN MULTIPLE AREAS, INCLUDING \$200K FOR CONTINUOUS STAFFING EXPENSES, \$300K FOR TRAINING & DEVELOPMENT EXPENSES, \$180K FOR REGULATORY LICENSE FEES, AND \$1.9 MILLION FOR CLAIM PAYMENT INTEREST.



# Expenses

In Thousands







**ATTACHMENT #7**

**2026 Staffing Reductions**

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**Background**

The 2026 Budget period is going to be a particularly challenging year due to:

- 1) The passage of House Resolution 1 (AKA One Big Beautiful Bill) by congress included many provisions which impact Medi-Cal. The most immediate impact is related to the Managed Care Organization Tax (MCO Tax).
- 2) The 25-26 FY State Budget included some impactful policy decisions which go into effect in 2026. The State is freezing enrollment into full scope Medi-Cal for adults with unsatisfactory immigration status (UIS).
- 3) Expected pressure from providers seeking rate increases to make up for lack of federal and state funding.

**Discussion**

The KHS CEO and CFO met with each department to review all budgets and staffing requests. After the review was completed:

- 1) A net reduction of 38 Budgeted FTEs were eliminated which equates to approximately a 5% overall staffing reduction with an estimated dollar savings amount of \$4.8 million.
- 2) A net reduction of 23 Temporary Staff positions were eliminated with an estimated dollar savings amount of \$ 1.4 million.
- 3) A net reduction of \$3.5 million in consulting expenses were eliminated.

Attached is a summary of staffing by department.

# KHS Finance Committee Meeting, December 12, 2025

## KERN HEALTH SYSTEMS

### 2026 BUDGETED FTE BY DEPARTMENT EXPECTED MEMBERSHIP

4,644,000

CC	DEPARTMENT	2025 BOARD APPROVED FTE COUNT	NET POSITIONS ELIMINATED	PROJECTED DECEMBER 2025	TOTAL 2026	TOTAL 2026 FTE ADDITIONS
<b>ADMINISTRATIVE FTES:</b>						
110	EXECUTIVE	6	-	6	6	-
112	GOVERNMENT RELATIONS	2	-	2	2	-
210	FINANCE	23	-	23	23	-
220	INFORMATION TECHNOLOGY	22	(2)	20	20	-
221	BUSINESS INTELLIGENCE	24	(3)	25	25	-
222	ENTERPRISE DEVELOPMENT	26	(2)	24	24	-
223	ENTERPRISE PROCESS & CONFIGURATION	24	(2)	22	22	-
224	CYBER SECURITY (NEW)	3	-	3	3	-
226	TECHNICAL ADMINISTRATIVE SERVICES	1	-	1	1	-
230	CLAIMS	71	(3)	68	68	-
240	PROJECT MANAGEMENT	14	(2)	12	12	-
320	PROVIDER NETWORK MANAGEMENT	24	(3)	21	21	-
321	HMS	2	-	2	2	-
322	DELEGATION OVERSIGHT	10	(3)	7	7	-
340	CORPORATE SERVICES	16	-	16	16	-
360	COMPLIANCE & REGULATORY AFFAIRS	19	1	20	20	-
420	MARKETING	8	-	8	8	-
510	HR	21	(2)	19	19	-
520	LEGAL	1	1	2	2	-
<b>MEDICAL FTES:</b>						
310	UTILIZATION MANAGEMENT	66	7	73	73	-
311	QI	19	(3)	16	16	-
312	HEALTH ED	32	(2)	30	30	-
313	PHARMACY	8	-	8	8	-
314	ENHANCED CARE MANAGEMENT	43	(2)	41	41	-
316	POPULATION HEALTH MANAGEMENT	48	(4)	44	44	-
317	COMMUNITY SUPPORT SERVICES	14	(4) *	10	10	-
330	MEMBER SERVICES	129	(4)	125	125	-
331	MEMBER OUTREACH	14	-	14	14	-
410	MEMBER ENGAGEMENT	12	-	12	12	-
601	BEHAVIORAL HEALTH	17	(2)	15	15	-
602	HEALTH EQUITY	6	(1)	5	5	-
605	QUALITY PERFORMANCE	31	(3)	28	28	-
<b>TOTAL</b>		<b>760</b>	<b>(38)</b>	<b>722</b>	<b>722</b>	<b>-</b>

\*REFLECTS REDUCTION IN FORCE

## KERN HEALTH SYSTEMS

### CAPITAL BUDGET OVERVIEW 2026

CORPORATE PROJECTS			
2026 Budget	2025 Projection <sup>(1)</sup>	2024 Actual	2023 Actual
<b>\$3,829,997</b>	\$1,917,098	\$5,250,015	\$2,405,762

BUILDING IMPROVEMENTS, OFFICE FURNITURE, & EQUIPMENT			
2026 Budget	2025 Projection <sup>(1)</sup>	2024 Actual	2023 Actual
<b>\$247,000</b>	\$33,067	\$1,781,047	\$909,968

TECHNOLOGY			
2026 Budget	2025 Projection <sup>(1)</sup>	2024 Actual	2023 Actual
<b>\$5,055,180</b>	\$647,165	\$2,876,035	\$1,135,053

TOTALS			
2026 Budget	2025 Projection <sup>(1)</sup>	2024 Actual	2023 Actual
<b>\$9,132,177</b>	\$2,597,330	\$9,907,097	\$4,450,783

(1) 2025 projected annual amounts are estimates with adjustments for timing differences, consistent with the approved 2025 budget.

### CAPITAL BUDGET DETAIL SUMMARY 2026

ITEM	CORPORATE PROJECTS	TYPE <sup>(1)</sup>	COST
1	Member Engagement - Customer Relationship Management	N	\$ 873,182
2	Robotic Automation Pilot	N	\$ 687,065
3	Accounting System Implementation	C	\$ 2,051,050
4	Member & Provider Portal Implementation	C	\$ 218,700
<b>CORPORATE PROJECT SUBTOTAL/PY BUDGET</b>			<b>\$ 3,829,997</b>
ITEM	BUILDING IMPROVEMENTS, OFFICE FURNITURE, & EQUIPMENT	TYPE <sup>(1)</sup>	COST
5	Building Enhancements	N	\$ 109,000
6	Office Furniture and Equipment	N	\$ 138,000
<b>BUILDING IMPROVEMENTS, OFFICE FURNITURE &amp; EQUIPMENT SUBTOTAL</b>			<b>\$ 247,000</b>
ITEM	TECHNOLOGY	TYPE <sup>(1)</sup>	COST
7	Services Management Software	N	\$ 127,500
8	Hardware Replacement	N	\$ 3,958,000
9	New and Replacement Equipment	N	\$ 590,780
10	Core System Licensing	N	\$ 378,900
<b>TECHNOLOGY SUBTOTAL</b>			<b>\$ 5,055,180</b>
<b>2026 Total Capital Budget</b>			<b>\$ 9,132,177</b>

(1) Type N is New, Type C is Continuation

**Corporate Projects**

**1. *Member Engagement – Customer Relationship Management***

In 2026, KHS will advance member engagement through the next phase of its multi-year Customer Relationship Management (CRM) initiative. Building on foundational work from previous years, the 2026 phase will leverage internal KHS staff to deliver a fully in-house CRM solution designed to transform how members interact with the organization. The project will consolidate disparate systems into a unified platform, streamline workflows, and enable integrated data management to improve responsiveness and service quality. This initiative directly advances the Operational Excellence pillar of KHS' 2026–2028 Strategic Plan by optimizing processes, reducing redundancies, and creating a scalable foundation for future innovation.

*ROI Impact:* Projected annual savings of \$410,000–\$415,000 which results in an estimated overall savings of approximately \$830,000–\$850,000 and an approximate 2-year payback period.

(Budgetary Impact: \$873,182.)

**2. *Robotic Automation Pilot***

In 2026, KHS will modernize its application testing infrastructure through the Robotic Automation Pilot, a strategic initiative to automate manual end-user testing processes. The project will introduce an in-house robotic automation framework to streamline application upgrade and validation cycles, reducing time and resource requirements for routine testing. By replacing labor-intensive testing with automated workflows, KHS will improve accuracy, accelerate deployment timelines, and enhance operational efficiency. This initiative directly advances the Technology Capabilities & Adaptability pillar of KHS' 2026–2028 Strategic Plan by embedding automation into core processes, modernizing systems, and supporting the organization's digital transformation objectives.

*ROI Impact:* Projected annual savings of \$236,000 which results in an estimated overall savings of approximately \$700,000 and an approximate 3-year payback period.

(Budgetary Impact: \$687,065.)

**3. *Accounting System Implementation***

In 2026, KHS will implement a new accounting system to replace legacy platforms and address evolving financial management needs. The project includes software acquisition, licensing, and professional services to ensure compliance and operational efficiency. Originally planned for 2025, the initiative now aligns with the 2026 to 2028 Strategic Plan under the Operational Excellence pillar. By modernizing financial systems, KHS will improve the accuracy and transparency of reporting, streamline accounting processes, and strengthen compliance while positioning the organization for long-term growth and adaptability.

*ROI Impact:* Automating key accounting workflows will reduce manual audit preparation, accelerate vendor payment processing, and minimize dependence on temporary staffing during peak periods. These efficiencies are projected to generate \$100,000–\$250,000 in annual cost avoidance.

(Budgetary Impact: \$2,051,05)

#### **4. Member & Provider Portal Implementation**

In 2026, KHS will continue developing its Member and Provider Portal to enhance digital access and self-service capabilities for members and providers. This project, carried over from 2025, will focus on expanding portal features and improving the overall user experience. This initiative supports the Member Experience and Digital Transformation pillars of the 2026 to 2028 Strategic Plan. Enhancing portal functionality and usability will give members and providers convenient and secure access to essential services and information. The project demonstrates KHS's continued commitment to innovation, accessibility, and responsive service delivery.

*ROI Impact:* Projected annual savings of \$100,000 which results in an estimated overall savings of approximately \$200,000 and an approximate 2-year payback period.

(Budgetary Impact: \$218,700)

### **Building Improvements, Office Furniture, & Equipment**

#### **5. Building Enhancements**

In 2026, KHS will implement key facility improvements to enhance accessibility, functionality, and overall building usability. Planned projects include installing automated door access systems and improving exterior access walkways. Funding is also allocated for upgraded signage and enhanced security in the member interview room. Additional facility updates will support the installation of a Department of Human Services (DHS) kiosk and other minor improvements as needed. These enhancements will strengthen accessibility, convenience, and service readiness, ensuring that KHS facilities remain compliant, inclusive, and responsive to the needs of members and employees.

(Budgetary Impact: \$109,000.)

#### **6. Office Furniture and Equipment**

In 2026, KHS will invest in essential office and mailroom equipment to improve operational efficiency, reliability, and compliance with data handling standards. Key initiatives include a mail tracking solution to ensure timely processing and verification of returned member correspondence and backup mail processing and printing equipment to maintain continuity of high-volume mail operations during maintenance or equipment downtime. Additionally, funding is included to replace aging office and cubicle chairs that are no longer functional, ensuring safe and ergonomic workspaces for employees. Together, these investments will enhance

workflow efficiency, protect sensitive information, and support a compliant office environment.

(Budgetary Impact: \$138,000.)

### **Technology**

#### **7. *Services Management Software***

In 2026, KHS will invest in key technological upgrades to strengthen enterprise operations and ensure consistent, reliable service delivery. These enhancements include expanded data storage capacity to support existing systems, secure remote access tools that enable effective system management from both onsite and offsite locations, and mail tracking software to improve communication oversight and accountability. Together, these investments will improve system performance, increase operational efficiency, and reinforce data security and compliance, ensuring the organization's technology infrastructure remains stable, dependable, and aligned with enterprise service standards.

(Budgetary Impact: \$127,500.)

#### **8. *Hardware Replacement***

In 2026, KHS will strengthen its technology infrastructure through a planned hardware refresh initiative. This project ensures that critical systems remain dependable, secure, and capable of supporting the organization's growing operational and digital needs. By replacing aging equipment with modern, high-performance hardware, KHS will reduce the risk of system failures, improve processing speed, and enhance overall stability for essential applications and services.

The capital investment in updated hardware assets represents a forward-looking commitment to operational continuity and efficiency, while reducing long-term maintenance costs and supporting future growth. This initiative is projected to deliver \$2 million in savings over five years through improved energy efficiency, reduced downtime, and lower maintenance expenses.

(Budgetary Impact: \$3,958,000.)

#### **9. *New and Replacement Employee Equipment***

In 2026, KHS will enhance its technology infrastructure through the procurement of new and replacement employee equipment. This initiative includes updated workstation setups to improve functionality and additional laptops replacing devices that have reached the end of their warranty, ensuring readiness for expanded operational demands. KHS will also acquire network printers to support efficient, connected workflows across the organization. These investments ensure the organization remains equipped with reliable, up-to-date technology to maintain productivity and operational effectiveness.

(Budgetary Impact: \$590,780.)

**10. Core System Licensing**

As part of our annual compliance requirements, KHS conducts audits for licensing across critical operational systems to ensure alignment with contractual obligations. These systems support essential functions, including data transformations, member and claims processing, clinical management, and employee desktop and server operations. For 2026, the licensing updates will cover Cognizant's QNXT to account for member growth, and Microsoft, which includes True-Up adjustments for new user licensing and reservations software. This True-Up process ensures that KHS remains compliant by adjusting licenses based on end-of-year usage, supporting both organizational growth and regulatory standards.

(Budgetary Impact: \$378,900.)

**KERN HEALTH SYSTEMS  
TANGIBLE NET EQUITY (TNE) AND LIQUIDITY TESTS  
2026 BUDGET**

	<b>12/31/2024 ACTUAL</b>	<b>12/31/2025 ESTIMATED</b>	<b>12/31/2026 BUDGET</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>TNE TEST</u></b>			
<b>CAPITAL RESERVE</b>	<b>\$ 333,567,639</b>	<b>\$ 301,185,076</b>	<b>\$ 333,463,493</b>
<b>CALCULATION OF MINIMUM TANGIBLE NET EQUITY (TNE) AMOUNT (1)</b>	<b>\$ 65,198,754</b>	<b>\$ 70,806,016</b>	<b>\$ 71,070,598</b>
<b>CAPITAL RESERVE AS % OF TNE</b>	<b>512%</b>	<b>425%</b>	<b>469%</b>
<b>CURRENT BOARD APPROVED TNE TARGET RANGE</b>	<b>500% - 600%</b>	<b>500% - 600%</b>	<b>500% - 600%</b>
<b><u>LIQUIDITY TEST</u></b>			
<b>UNRESTRICTED CASH &amp; INVESTMENT BALANCE</b>	<b>\$ 620,974,298</b>	<b>\$ 475,000,000</b>	<b>\$ 500,000,000</b>
<b>AVERAGE MONTHLY OPERATING REVENUE</b>	<b>\$ 124,612,406</b>	<b>\$ 135,570,279</b>	<b>\$ 146,788,428</b>
<b>CALCULATION OF CURRENT NUMBER OF MONTHS OF CASH &amp; INVESTMENTS (2)</b>	<b>4.98</b>	<b>3.50</b>	<b>3.41</b>
<b>CURRENT BOARD APPROVED MINIMUM LIQUIDITY RANGE</b>	<b>2-3 Months</b>	<b>2-3 Months</b>	<b>2-3 Months</b>

(1) AMOUNT BASED ON DMHC'S CALCULATION FOR MINIMUM TNE USING ANNUAL HEALTHCARE EXPENSES

(2) AMOUNT BASED ON UNRESTRICTED CASH AND INVESTMENT BALANCES DIVIDED BY AVERAGE MONTHLY OPERATING REVENUE (EXCLUDING HOSPITAL DIRECTED PAYMENTS AND MCO TAX REVENUE)





KERN HEALTH SYSTEMS					
POLICY AND PROCEDURES					
SUBJECT: Tangible Net Equity and Minimum Liquidity Test Policy				POLICY #: 8.65-I	
DEPARTMENT: Finance					
Effective Date: 8/12/2021	Review/Revised Date: 08/07/2023	DMHC		PAC	
		DHCS		QI/UM COMMITTEE	
		BOD	X	FINANCE COMMITTEE	X

\_\_\_\_\_  
Emily Duran  
Chief Executive Officer

Date \_\_\_\_\_

\_\_\_\_\_  
Chief Financial Officer

Date \_\_\_\_\_

\_\_\_\_\_  
Chief Operating Officer

Date \_\_\_\_\_

\_\_\_\_\_  
Controller

Date \_\_\_\_\_

### **POLICY:**

This policy establishes guidelines and procedures to set Tangible Net Equity (TNE) and Minimum Liquidity ranges to ensure Kern Health Systems (“KHS”) long-term financial solvency, the ability to provide uninterrupted services to its members, continue to provide timely payments to its providers and to participate in additional programs required by DHCS pursuant to the authorization of the KHS Board of Directors (“Board”) on August 12, 2021 and June 15, 2023 for Minimum Liquidity.

### **PURPOSE:**

Maintaining appropriate levels of reserves is a fiscal responsibility of KHS and is a legal requirement pursuant to KHS’ licensure pursuant to the Knox-Keene Health Care Service Plan Act of 1975, as amended. The TNE required by Knox-Keene is a minimum required amount and is not considered by the DMHC as an appropriate or sufficient reserve amount.

Maintaining an appropriate level of cash liquidity will ensure KHS' ability to provide uninterrupted services to its members, continue to provide timely payments to its providers and to participate in additional programs required by DHCS.

**DEFINITIONS:**

TNE	Tangible Net Equity
Required Minimum TNE	A specific calculation for Knox-Keene licensed Health Plans set by DMHC and calculated as part of the regulatory quarterly and annual reporting process.
Target TNE	The percentage range applied to minimum TNE set by KHS' Board of Directors
MLT	Minimum Liquidity Test
Required Minimum MLT	A specific calculation requiring a minimum unrestricted cash and investment level between two to three months of Operating Revenue (Excluding Hospital Directed Payments and MCO Tax Revenues).
Target MLT	The target range applied to a minimum MLT set by KHS' Board of Directors

**PROCEDURES:**

- A) The Minimum TNE target range will be established by the Board. The current initial target range of 500% - 600% of required minimum TNE was approved by the Board at the KHS' Board of Directors Meeting on August 12, 2021. The additional range includes allowance for foreseeable new business opportunities and organic growth in the Minimum TNE calculation.
- B) The Minimum MLT target range will be established by the Board. The current initial target range of two to three months of Operating Revenue (Excluding Hospital Directed Payments and MCO Tax Revenues) was approved by the Board at the KHS' Board of Directors Meeting on June 15<sup>th</sup> 2023.
- C) As part of the Annual Budget, Management will present to the Board the current annual TNE and the current MLT and an updated estimate of future TNE and MLT requirements.
- D) Following the year-end audit, Management will update the 3–5-year proforma presented at the August 12, 2021 Board Meeting for determining prospective capital reserve requirements. Using this approach, the Finance Committee and Board can compare the target range of 500% - 600% and confirm or modify assumptions used for future TNE target range estimates.

- E) Following the year-end audit, Management will update the 3–5-year proforma presented at the June 15, 2023 Board Meeting for determining prospective Minimum Liquidity Target requirements. Using this approach, the Finance Committee and Board can compare the MLT target range of two to three months of Operating Revenue (Excluding Hospital Directed Payments and MCO Tax Revenues) and confirm or modify assumptions used for future MLT target range estimates.

#### **REFERENCE:**

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**Revision 2023-06:** Revision to establish guidelines and procedures to set Minimum Liquidity Test. **Revision 2021-08:** Policy created by KHS Controller to establish guidelines and procedures to set Tangible Net Equity.





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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Cesar Delgado, Chief Information Officer  
**SUBJECT:** 2026 Corporate Project Consulting and Professional Services  
**DATE:** December 12, 2025

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### **Background**

Kern Health Systems (KHS) continues its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure regulatory compliance across Health Services, Medicare, Operations, and Technical Infrastructure. In 2026, KHS will advance these initiatives in alignment with CalAIM, NCQA standards, and evolving Medicare requirements.

The organization's entry into the Medicare Dual Special Needs Plan (D-SNP) introduces a new line of business requiring scalable technology infrastructure, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management.

### **Discussion**

Given the complexity and scope of upcoming projects, including expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services to provide specialized expertise, address skill gaps, and deliver flexible support. This approach will help KHS maintain agility, meet project deadlines, and adapt to evolving requirements without increasing permanent staffing.

Strategically selected partners will address defined project needs and deliver measurable outcomes, allowing KHS to remain responsive to evolving regulations and operational priorities. This partnership model will enable KHS to sustain momentum across major initiatives while optimizing resources and ensuring continuity of care for members without increasing permanent staffing.

### **Financial Impact**

Operating and Capital expenses for a one (1) year term with an initial one-year (1) term with the following vendors for a total not-to-exceed amount of \$7,800,010:

- MIS Selected Vendors:
  - Kforce
  - TEKsystems
  - OP Consulting Group
  - PMO Partners
  - CEI

**Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to enter into, sign, and/or amend a new contract, with legal approval, with the selected vendors for IT Professional Technical Resources for a one (1) year term from January 1, 2026 through December 31, 2026 with a total not-to-exceed amount of \$7,800,010 for the entire term of the contract.

# 2026 Project Consulting Professional Services December 12, 2025

Cesar Delgado  
Chief Information Officer



# Agenda

- General Overview
- Sequence of Events
- 2026 Corporate Portfolio
- Benefits of Outsourcing
- 2026 Vendor Selection
- Historical and Anticipated Expenditures
- Board of Directors Request





# General Overview

Kern Health Systems (KHS) continues its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure regulatory compliance across Health Services, Medicare, Operations, and Technical Infrastructure. In 2026, KHS will advance these initiatives in alignment with CalAIM, NCQA standards, and evolving Medicare requirements.

The organization's entry into the Medicare Dual Special Needs Plan (D-SNP) introduces a new line of business that requires scalable technology infrastructure, integrated data systems for coordinated and continuity of care, and advanced digital platforms for compliance, reporting, and member management.

Given the complexity and scope of upcoming projects, including expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services to provide specialized expertise, address skill gaps, and deliver flexible support. This approach will enable KHS to maintain agility, meet project deadlines, and adapt to evolving requirements without increasing permanent staffing.

Strategically selected partners will address defined project needs and deliver measurable outcomes, allowing KHS to remain responsive to evolving regulations and operational priorities. This partnership model will enable KHS to sustain momentum across major initiatives while optimizing resources and ensuring continuity of care for members.



# Sequence of Events

- Develop Corporate Strategic Plan / Corporate Goals & Objectives
- Design the Annual Project Portfolio with Leadership
- Perform Scope and Resource Planning for Annual Project Portfolio
- Executive Approval of Annual Corporate Project Portfolio
- Annual Budget Process for KHS
- Request for Quote for Consulting Resources
  - Received 17 Proposals
- Create Recommendation for the Board of Directors



# 2026 Corporate Portfolio

Portfolio	Project
Health Services	<a href="#">Closed Loop Referral: PHM and BH</a>
	<a href="#">CSS - 2026</a>
	<a href="#">DHCS Contract: Third Party MOUs – Part 3</a>
	<a href="#">ECM Expansion, Improvement, and Stabilization 2026</a>
	<a href="#">Medi-Cal Connect Platform</a>
Medicare D-SNP	<a href="#">Prior Authorization Support Rule Readiness</a>
	<a href="#">D-SNP Operational Readiness Part 2 - 2026</a>
	<a href="#">D-SNP Quality Management / Stars Program</a>
	<a href="#">D-SNP Regulatory Submission &amp; Product/Bid Development - 2026</a>
Operations	<a href="#">Claims Provider Dispute Workflow Updates</a>
	<a href="#">Enterprise Risk Management Mitigation</a>
	<a href="#">Jiva Upgrade - 2026</a>
	<a href="#">Member Engagement (2026) Customer Relationship Management</a>
	<a href="#">QNXT/NTWX/WFE</a>
	<a href="#">Robotic Automation Pilot</a>
	<a href="#">TDX Upgrade and Cloud Migration 2026</a>

The 2026 Corporate Portfolio comprises the following items:

- **Health Services-** The 2026 initiatives include implementing a Closed Loop Referral (CLR) system to improve care coordination and meet DHCS requirements, and preparing for CMS Prior Authorization Rule compliance to streamline data exchange. Medi-Cal Connect onboarding will enhance risk stratification and care planning, while ECM Expansion will support new populations and payment changes. Additionally, Third-Party MOUs will strengthen partnerships, and the CSS project will introduce Transitional Rent and expand clinical oversight to advance whole-person care.
- **D-SNP-** The 2026 DSNP initiatives include the timely submission of MA D-SNP and Part D applications, product development, and bid submissions to ensure regulatory compliance and continued market participation. The DSNP Stars Program will drive improvements in care quality, member satisfaction, and performance across critical measures through data-driven interventions and real-time monitoring. These efforts require robust technical and analytical support, alignment with MCAS/HEDIS audit standards, and seamless data exchange among UHC, KHS, MedImpact, and other stakeholders. Additionally, contingency planning for NCQA-certified software and vendor readiness will be essential to maintain compliance and achieve targeted Stars Ratings.
- **Operations-** The 2026 initiatives include migrating TeamDynamix (TDX) to a cloud-based SaaS model to improve integration and functionality, and launching a Robotic Automation Pilot to streamline testing and reduce upgrade costs. System upgrades for QNXT, NetworX, CES, and Workflow will maintain compliance and performance, while the Jiva Upgrade will deliver enhanced features, multilingual support, and improved workflows. Additionally, KHS will advance its in-house CRM to elevate member engagement, implement Enterprise Risk Management mitigation strategies based on the 2025 assessment, and update the Claims Provider Dispute Workflow to improve compliance and efficiency.



# Benefits of Outsourcing

- **Project Efficiency and Quality:** Engaging professional consultants ensures projects are executed with proven methodologies while resulting in faster delivery, higher quality outcomes, and reduced rework.
- **Specialized Expertise:** Partnerships with experienced vendors bring in-depth knowledge of healthcare operations, compliance, and technology which bridges skill gaps and accelerates innovation across initiatives.
- **Flexibility and Scalability:** Consulting resources provide the ability to quickly scale support up or down based on project demands, enabling KHS to remain agile in response to evolving regulatory and operational priorities.
- **Focus on Core Operations:** Outsourcing targeted functions allows KHS internal teams to stay focused on strategic priorities, enhancing productivity and advancing organizational goals.
- **Operational Efficiency:** Professional resources reduce administrative overhead related to recruiting, onboarding, and management, allowing KHS to optimize resources and sustain momentum across critical initiatives.



# 2026 Vendor Selection

## Selected Vendors

Selected Vendor	Total Score
Kforce*	14
TEKsystems*	12
OP Consulting Group	9
PMO Partners	9
CEI*	9

\*Current Vendor

## Scoring Criteria

Criteria	Weight
Total Possible Score: 15	
Cost Competitiveness	60%
Role Availability	10%
Healthcare Experience	10%
Partnership Quality	15%
References	5%

The above 5 vendors have been selected to support the MIS initiatives and to execute and complete the 2026 Corporate portfolio. The hourly rates range from \$30 - \$200/hr. depending on the scope of work required.



# Anticipated and Historical Expenditures

## 2025 to 2026 Comparison

Area	2025			2026			2025-2026 Change		
	Projects	Resources	Request	Projects	Resources	Request	Projects	Resources	Request
Management Information Systems (MIS)	30	42	\$11,811,826	16	27	\$7,104,869	(14)	(15)	(\$4,706,957)
Project Management (PMO)		4	\$987,352		0	\$0		(4)	(\$987,352)
D-SNP		15	\$4,122,638		3	\$695,141		(12)	(\$3,427,497)
D-SNP (Rebellis)		N/A	\$3,000,000		N/A	\$0		N/A	(\$3,000,000)
NCQA (The Mihalik Group)		1	\$350,000		0	\$0		(1)	(\$350,000)
<b>2025-2026 Change</b>		<b>62</b>	<b>\$ 20,271,816</b>		<b>30</b>	<b>\$7,800,010</b>		<b>(32)</b>	<b>(\$12,471,806)</b>

## 2025 Budget to Actual

	Budget Request <sup>(1)</sup>	Actual <sup>(2)</sup>	Variance +/-
2025	\$ 20,271,816	\$ 9,772,091	\$ (10,499,725)
2026	\$ 7,800,010	\$ -	\$ -

(1) Includes Capital, D-SNP and Corporate Projects

(2) Actuals for 2025 include projected spend for November-December 2025 for MIS, PMO, D-SNP, and NCQA



# Board of Directors Request

Authorize the CEO to sign, enter into, and/or amend contracts for an initial one-year (1) term with the following vendors in the amounts identified below for a total not to exceed amount of \$7,800,010:

- MIS Selected Vendors:
  - Kforce
  - TEKsystems
  - OP Consulting Group
  - PMO Partners
  - CEI

These contracts are essential for procuring professional resources from consulting vendors to support MIS initiatives. The total operating and capital expenses are aligned with the labor required to execute and complete the 2026 Corporate Portfolio.





### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: CEI

Contact Name & Email Address: Orryn Sledge,  
osledge@ceiamerica.com

#### Description of Contract

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) is advancing its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure compliance with NCQA and Medicare standards. In 2026, KHS will implement the Medicare Dual Special Needs Plan (D-SNP), introducing a new line of business that requires scalable technology, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management. To address the complexity of expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services for specialized expertise and flexible support. This approach ensures agility, timely project delivery, and adaptability to evolving requirements without increasing permanent staffing.

Brief Explanation of Services to be Provided:

CEI will provide KHS with Professional Technical Resources for the 2026 calendar year Portfolio.

☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of This vendor was selected as one of the preferred partners following a competitive RFP process conducted in October 2025. same):

- Sole source – no competitive process can be performed. Brief reason for
- ☐ sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

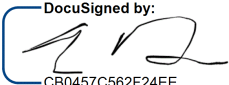
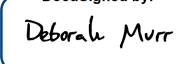
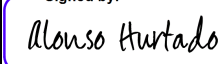
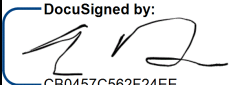
**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements



<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact			
KHS Governing Board previously approved this expense in KHS’ FY 2026 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:			
Budget Cost Center: <u>220,221,222,223,224, 226</u> GL# <u>5490, CAP800, 5645, 5490-DSNP</u>			
Maximum Cost of Agreement not to exceed: <u>\$7,800,010</u>			
Note: <u>Expenses are allocated among various consulting companies. Each resource onboarded is allocated to the respective Cost Center and GL.</u>			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>			
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b>  DocuSigned by:  CB0457C562F24EE...  Department Head Date: 12/2/2025	<b>Approved as to Form:</b>    KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b>  DocuSigned by:  BD08CF3F87CF4C4...  Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b>  Signed by:  75A924007C46480...  Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>    Chief Financial Officer or Controller Date:	<b>IT Approval:</b>  DocuSigned by:  CB0457C562F24EE...  Chief Information Officer or IT Director Date: 12/2/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	

**AGREEMENT AT A GLANCE**Department Name: MISDepartment Head: Cesar DelgadoVendor Name: TEKsystemsContact Name & Email Address: Emilie Bowe,  
ebowe@teksystems.com**Description of Contract**

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) is advancing its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure compliance with NCQA and Medicare standards. In 2026, KHS will implement the Medicare Dual Special Needs Plan (D-SNP), introducing a new line of business that requires scalable technology, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management. To address the complexity of expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services for specialized expertise and flexible support. This approach ensures agility, timely project delivery, and adaptability to evolving requirements without increasing permanent staffing.

Brief Explanation of Services to be Provided:

TEKsystems will provide KHS with Professional Technical Resources for the 2026 calendar year Portfolio.

- ☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of This vendor was selected as one of the preferred partners following a competitive RFP process conducted in October 2025. same):

- Sole source – no competitive process can be performed. Brief reason for
- ☐ sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

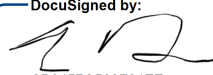
- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements

<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact			
KHS Governing Board previously approved this expense in KHS' FY 2026 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:			
Budget Cost Center: <u>220,221,222,223,224, 226</u> GL# <u>5490, CAP800, 5645, 5490-DSNP</u>			
Maximum Cost of Agreement not to exceed: <u>\$7,800,010</u>			
Note: <u>Expenses are allocated among various consulting companies. Each resource onboarded is allocated to the respective Cost Center and GL.</u>			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>			
Explain extension provisions, termination conditions and required notice:			

**Approvals**

**Contract Owner:**

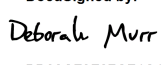
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 CB0457C562F24EE...

Department Head  
 Date: 12/2/2025

**Approved as to Form:**

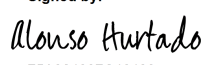
KHS Legal Counsel  
 Date:

**Compliance DMHC/DHCS Review:**

DocuSigned by:  
  
 BD08CF3F87CF4C4...

Chief Compliance and Fraud Prevention Officer or  
 Director of Compliance and Regulatory Affairs  
 Date: 12/1/2025

**Purchasing:**


Signed by:  
  
 75A924007C46480...

Director of Procurement and Business Optimization  
 Date: 12/1/2025

**Reviewed as to Budget:**

Chief Financial Officer or Controller  
 Date:

**IT Approval:**

DocuSigned by:  
  
 CB0457C562F24EE...

Chief Information Officer or IT Director  
 Date: 12/2/2025

\_\_\_\_\_  
 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



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: Kforce

Contact Name & Email Address: Daniel Valverde,  
Dvalverde@kforce.com

#### Description of Contract

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) is advancing its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure compliance with NCQA and Medicare standards. In 2026, KHS will implement the Medicare Dual Special Needs Plan (D-SNP), introducing a new line of business that requires scalable technology, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management. To address the complexity of expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services for specialized expertise and flexible support. This approach ensures agility, timely project delivery, and adaptability to evolving requirements without increasing permanent staffing.

Brief Explanation of Services to be Provided:

Kforce will provide KHS with Professional Technical Resources for the 2026 calendar year Portfolio.

☐ 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.)

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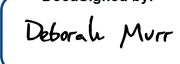
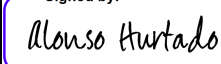
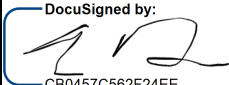
- Sole source – no competitive process can be performed. Brief reason for
- ☐ sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements

<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact	
KHS Governing Board previously approved this expense in KHS’ FY 2026 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
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Project Type:	
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Note: <u>Expenses are allocated among various consulting companies. Each resource onboarded is allocated to the respective Cost Center and GL.</u>	
Contract Terms and Conditions	
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>	
Explain extension provisions, termination conditions and required notice:	

Approvals	
<b>Contract Owner:</b>  <div>DocuSigned by:  CB0457C562F24EE...</div> Department Head Date: 12/2/2025	<b>Approved as to Form:</b>   KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b>  <div>DocuSigned by:  BD08CF3F87CF4C4...</div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b>  <div>Signed by:  75A924007C46480...</div> Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>    Chief Financial Officer or Controller Date:	<b>IT Approval:</b>  <div>DocuSigned by:  CB0457C562F24EE...</div> Chief Information Officer or IT Director Date: 12/2/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



**AGREEMENT AT A GLANCE**Department Name: MISDepartment Head: Cesar DelgadoVendor Name: OP Consulting GroupContact Name & Email Address: Vinod Surapneni,  
Govbids@OPConsultingGroup.com**Description of Contract**

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) is advancing its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure compliance with NCQA and Medicare standards. In 2026, KHS will implement the Medicare Dual Special Needs Plan (D-SNP), introducing a new line of business that requires scalable technology, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management. To address the complexity of expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services for specialized expertise and flexible support. This approach ensures agility, timely project delivery, and adaptability to evolving requirements without increasing permanent staffing.

Brief Explanation of Services to be Provided:

OP Consulting Group will provide KHS with Professional Technical Resources for the 2026 calendar year Portfolio.

- ☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of This vendor was selected as one of the preferred partners following a competitive RFP process conducted in October 2025. same):

- Sole source – no competitive process can be performed. Brief reason
- ☐ for sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements
- ☐ Vendor Data Transfer Checklist ☐ DMHC Administrative Services Requirements


☐ Medi-Cal Requirements

Other Exhibits  
required:

Fiscal Impact			
KHS Governing Board previously approved this expense in KHS' FY 2026 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:			
Budget Cost Center: <u>220,221,222,223,224, 226</u> GL# <u>5490, CAP800, 5645, 5490-DSNP</u>			
Maximum Cost of Agreement not to exceed: <u>\$7,800,010</u>			
Note: <u>Expenses are allocated among various consulting companies. Each resource onboarded is allocated to the respective Cost Center and GL.</u>			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>			
Explain extension provisions, termination conditions and required notice:			

**Approvals**

**Contract Owner:**

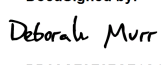
DocuSigned by:  
  
 CB0457C562F24EE...

Department Head  
 Date: 12/2/2025

**Approved as to Form:**

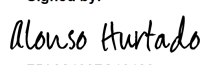
KHS Legal Counsel  
 Date:

**Compliance DMHC/DHCS Review:**

DocuSigned by:  
  
 BD08CF3F87CF4C4...

Chief Compliance and Fraud Prevention Officer or  
 Director of Compliance and Regulatory Affairs  
 Date: 12/1/2025

**Purchasing:**

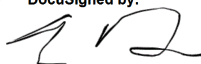
Signed by:  
  
 75A924007C46480...

Director of Procurement and Business Optimization  
 Date: 12/1/2025

**Reviewed as to Budget:**

Chief Financial Officer or Controller  
 Date:

**IT Approval:**

DocuSigned by:  
  
 CB0457C562F24EE...

Chief Information Officer or IT Director  
 Date: 12/2/2025

\_\_\_\_\_  
 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



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: PMO Partners, LLC

Contact Name & Email Address: Tiffany Pike,  
tiffany@pmopartners.com

#### Description of Contract

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) is advancing its operational and technical transformation to meet CalAIM objectives, enhance service delivery, and ensure compliance with NCQA and Medicare standards. In 2026, KHS will implement the Medicare Dual Special Needs Plan (D-SNP), introducing a new line of business that requires scalable technology, integrated data systems for coordinated care, and advanced digital platforms for compliance, reporting, and member management. To address the complexity of expanded regulatory mandates, D-SNP implementation, and new technology deployments, KHS will engage consulting services for specialized expertise and flexible support. This approach ensures agility, timely project delivery, and adaptability to evolving requirements without increasing permanent staffing.

Brief Explanation of Services to be Provided:

PMO Partners will provide KHS with Professional Technical Resources for the 2026 calendar year Portfolio.

☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same): This vendor was selected as one of the preferred partners following a competitive RFP process conducted in October 2025.

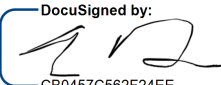
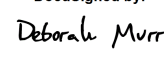
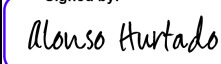
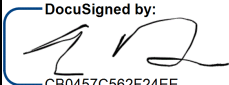
- Sole source – no competitive process can be performed. Brief reason for sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements

<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact	
KHS Governing Board previously approved this expense in KHS’ FY 2026 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:	
Budget Cost Center: <u>220,221,222,223,224, 226</u> GL# <u>5490, CAP800, 5645, 5490-DSNP</u>	
Maximum Cost of Agreement not to exceed: <u>\$7,800,010</u>	
Note: <u>Expenses are allocated among various consulting companies. Each resource onboarded is allocated to the respective Cost Center and GL.</u>	
Contract Terms and Conditions	
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>	
Explain extension provisions, termination conditions and required notice:	

Approvals	
<b>Contract Owner:</b> <div> <div>DocuSigned by:</div>  <div>CB0457C562F24EE...</div> </div> Department Head Date: 12/2/2025	<b>Approved as to Form:</b>   KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b> <div> <div>DocuSigned by:</div>  <div>BD08CF3F87CF4C4...</div> </div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b> <div> <div>Signed by:</div>  <div>75A924007C46480...</div> </div> Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>   Chief Financial Officer or Controller Date:	<b>IT Approval:</b> <div> <div>DocuSigned by:</div>  <div>CB0457C562F24EE...</div> </div> Chief Information Officer or IT Director Date: 12/2/2025
<div> <div>_____</div> <div>Chief Executive Officer</div> </div> <div> <div>_____</div> <div>Date</div> </div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div> <div>_____</div> <div>KHS Board Chairman</div> </div> <div> <div>_____</div> <div>Date</div> </div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee

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

**SUBJECT:** Request to Increase the Not-To-Exceed Amount with Cognizant for the Adjustment to Maintenance and Support Fees

**DATE:** December 12, 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. The agreement included annual maintenance and support fees based on membership counts provided at the time of renewal.

### **Discussion**

A recent review found that Cognizant determined the yearly maintenance and support fees for its agreement based on old membership numbers. These counts, which determine our annual fees, did not accurately reflect KHS' current membership levels at the time of the renewal.

As a result, Cognizant identified that the original agreement underestimated the actual maintenance and support costs by \$150,210 per year, totaling \$751,050 over five years. After correcting the membership data, Cognizant recalculated the annual maintenance and support fee from the original \$786,144 to the accurate amount of \$936,354 per year. Cognizant agreed to waive the first year's \$150,210 adjustment, leaving a remaining balance of \$600,840 for the remaining four (4) years of the agreement.

### **Financial Impact**

Cost to increase the existing not-to-exceed amount by \$600,840 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to sign and amend the existing contract, with legal approval, with Cognizant to adjust the maintenance and support fees to reflect corrected membership counts, to increase the current not-to-exceed amount by \$600,840, from \$6,607,387 to \$7,208,227, for the remaining term of the contract through September 10, 2029.



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: Cognizant

Contact Name & Email Address: Christopher Donahue,  
christopher.donahue@cognizant.com

#### Description of Contract

Type of Agreement:

- ☐ New agreement
- ☒ Amendment No. 1
- ☐ Memorandum of Understanding (“MOU”)

Background:

In August 2024, Kern Health Systems (KHS) renewed its core software solution agreement with Cognizant TriZetto Software Group, Inc., which provides QNXT, a key platform for processing eligibility, provider contracts, authorizations, claims, and payments. This renewal included annual maintenance and support fees calculated on membership counts at the time of renewal. A recent review by Cognizant revealed that the membership data used for fee calculations was outdated, resulting in an underestimation of costs. The corrected annual maintenance and support fee increased from \$786,144 to \$936,354, creating a shortfall of \$150,210 per year. Cognizant agreed to waive the first year’s adjustment, leaving a balance of \$600,840 for the remaining four years. The revised not-to-exceed amount will increase from \$6,607,387 to \$7,208,227 through September 10, 2029.

Brief Explanation of Services to be Provided:

Cognizant will continue providing comprehensive maintenance and support for the QNXT platform, ensuring system stability and operational continuity for critical functions such as eligibility processing, provider contracts, authorizations, claims, and payments. Services include regular software updates and enhancements to maintain compliance with regulatory changes and industry standards, as well as technical assistance for troubleshooting, performance optimization, and integration with KHS systems. These services are essential to sustaining reliable operations and supporting KHS’s strategic initiatives.

- ☐ 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.)*

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same):

- ☒ Sole source – no competitive process can be performed. Brief reason for sole source: Cognizant is a core system.
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement


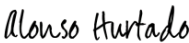

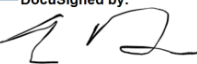
**Exhibits Required:**

- ☒ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements



<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact			
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:			
Budget Cost Center: <u>225</u>		GL# <u>5400QNXT</u>	
Maximum Cost of Agreement not to exceed: <u>\$600,840 for Maintenance and Support Fees for years 2-5 of the contract.</u>			
Note: <u>Cost will increase total aggregate cost previously approved by Board from \$6,607,387 to \$7,208,227 through the term of the contract.</u>			
Contract Terms and Conditions			
Effective date: <u>12/18/2025</u>		Termination date: <u>9/10/2029</u>	
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b>  DocuSigned by:  CB0457C562F24EE...  Department Head Date: 12/2/2025	<b>Approved as to Form:</b>  Signed by:  E325942D8E45475...  KHS Legal Counsel Date: 12/2/2025
<b>Compliance DMHC/DHCS Review:</b>  DocuSigned by:  BD08CF3F87CF4C4...  Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b>  Signed by:  75A924007C46480...  Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>  DocuSigned by:  018DB2ACA6904FF...  Chief Financial Officer or Controller Date: 12/2/2025	<b>IT Approval:</b>  DocuSigned by:  CB0457C562F24EE...  Chief Information Officer or IT Director Date: 12/2/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee

**FROM:** Veronica Barker, Controller

**SUBJECT:** Request to Increase the Not-To-Exceed Amount with Crowe for Additional Costs Relating to the New Accounting Enterprise Resource Planning System

**DATE:** December 12, 2025

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### **Background**

In December 2024, Kern Health Systems (KHS) released a Request for Proposal (RFP) for a new Enterprise Resource Planning (ERP) system. After diligent evaluation of the RFP proposals, KHS recommended to the Board in June 2025, to engage Crowe to implement Microsoft Dynamics 365 Finance and Operations (D365 F&O) software for the transition to the new ERP system. The ERP procurement effort also aligns with CalAIM's strategic goals to streamline administrative systems and strengthen care coordination. A modern ERP will allow KHS to better manage core business functions such as finance, procurement, and data governance, supporting the infrastructure required for expanded lines of business and ongoing compliance with Medi-Cal and DHCS mandates.

### **Discussion**

KHS requests to increase the not-to-exceed amount of the existing contract with Crowe to include Crowe's Government Accelerator (CGA) software and the Expense Management and Crowe Contract Manager modules within the ERP system. These modules are critical to achieving full ERP functionality and eliminating reliance on legacy systems such as Concur and IntelAgree. Their integration will streamline expense reporting, strengthen contract oversight, and ensure compliance with regulatory and audit requirements. Without these additions, KHS faces fragmented workflows, manual processes, and heightened operational risk. Their integration supports KHS's continued commitment to efficiency, fiscal integrity, and sustainable administrative operations.

### **Financial Impact**

Cost to increase the existing not-to-exceed amount by \$300,000 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to sign and amend the existing contract, with legal approval, with Crowe for the additional implementation costs, including the CGA Software and the Expense Management and Crowe Contract Manager modules for the new ERP system to increase the current not-to-exceed amount by \$300,000, from \$1,585,000 to \$1,885,000, for the remaining term of the contract through November 30, 2030.



### AGREEMENT AT A GLANCE

Department Name: Acct

Department Head:

Veronica Barker

Vendor Name: Crowe

Contact Name & Email Address:

Glendon Haney  
Glendon.haney@crowe.com

#### Description of Contract

Type of Agreement:

- ☐ New agreement
- ☒ Amendment No. 1
- ☐ Memorandum of Understanding ("MOU")

Background:

In December 2024, Kern Health Systems (KHS) released a Request for Proposal (RFP) for a new Enterprise Resource Planning (ERP) system. After diligent evaluation of the RFP proposals, KHS recommended to the Board in June 2025, to engage Crowe to implement Microsoft Dynamics 365 Finance and Operations (D365 F&O) software for the transition to the new ERP system. The ERP procurement effort also aligns with CalAIM's strategic goals to streamline administrative systems and strengthen care coordination. A modern ERP will allow KHS to better manage core business functions such as finance, procurement, and data governance, supporting the infrastructure required for expanded lines of business and ongoing compliance with Medi-Cal and DHCS mandates.

Brief Explanation of Services to be Provided:

Crowe will provide KHS with Crowe's Government Accelerator (CGA) software and the Expense Management and Crowe Contract Manager modules within the ERP system for a period of five (5) years co-terminated with the existing agreement.

- ☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same):

- ☒ Sole source – no competitive process can be performed. Brief reason for sole source:

Crowe was the awarded vendor for the new ERP system.

- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”)
- ☐ Vendor Data Transfer Checklist
- ☐ Medi-Cal Requirements
- ☐ DMHC Administrative Services Requirements
- ☐ Insurance Exhibit

Other Exhibits required:

**Fiscal Impact**

- KHS Governing Board previously approved this expense in KHS’ FY 2026 Administrative Budget

☐ No ☒ Yes
- Will this require additional funds?

☒ No ☐ Yes
- Capital project

☐ No ☒ Yes

Project Type:  
Accounting System  
Implementation

Budget Cost Center: CAP GL# 1700

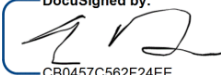
Maximum Cost of Agreement not to exceed: \$300,000

Note: Cost will increase total aggregate cost previously approved by Board from \$1,585,000 to \$1,885,000 through the term of the contract with Crowe.

**Contract Terms and Conditions**

Effective date: 1/1/2026 Termination date: 11/30/2030

Explain extension provisions, termination conditions and required notice:

Approvals	
<b>Contract Owner:</b>  <div> <div>DocuSigned by:</div> <div>Veronica Barker</div> <div>1088C33433C1403...</div> </div> Department Head or Contract Owner Date: 12/3/2025	<b>Approved as to Form:</b>      KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b>  <div> <div>Signed by:</div> <div>Deborah Murr</div> <div>F00A348898D04C7...</div> </div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/3/2025	<b>Purchasing:</b>  <div> <div>Signed by:</div> <div>Alonso Hurtado</div> <div>75A924007C46480...</div> </div> Director of Procurement and Business Optimization Date: 12/3/2025
<b>Reviewed as to Budget:</b>      Chief Financial Officer or Controller Date:	<b>IT Approval:</b>  <div> <div>DocuSigned by:</div> <div></div> <div>CB0457C562F24EE...</div> </div> Chief Information Officer or IT Director Date: 12/3/2025
<div> <div>_____</div> <div>Chief Executive Officer</div> </div> <div> <div>_____</div> <div>Date</div> </div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div> <div>_____</div> <div>KHS Board Chairman</div> </div> <div> <div>_____</div> <div>Date</div> </div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Cesar Delgado, Chief Information Officer  
**SUBJECT:** New Agreement with DELL for the Replacement of Core Server Infrastructure Hardware  
**DATE:** December 12, 2025

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### **Background**

Kern Health Systems (KHS) has relied on Nutanix hardware for all core compute and storage needs in our local datacenter, supporting mission-critical systems such as QNXT, JIVA, Citrix remote workstation access, and file servers. The existing Nutanix infrastructure is approaching end-of-life, with licensing and support renewals due in January 2026. Over recent years, the cost of maintaining Nutanix hardware has increased substantially.

### **Discussion**

KHS has secured a quote from DELL to replace approximately 95% of our Nutanix infrastructure, resulting in an estimated \$2 million in savings over five years. The DELL solution allows independent scaling of compute and storage, improving cost control and eliminating the need to expand both simultaneously.

DELL is recommended as a sole source provider due to their unique ability to meet our technical and operational requirements, proven compatibility with existing systems, and substantial cost savings. Our existing contracts with DELL for the Microsoft Enterprise Agreement and laptops further streamline vendor management and support operational continuity. No other vendor was identified that could deliver the necessary combination of capabilities and value for this project.

### **Financial Impact**

Cost for a three (3) year term not-to-exceed \$2,000,000 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to enter into, sign, and/or amend a new contract, with legal approval, with DELL for the replacement of core server infrastructure hardware for a three (3) year term from January 1, 2026 through December 31, 2029 with a total not-to-exceed amount of \$2,000,000 for the entire term of the contract.



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: DELL

Contact Name & Email Address:  
JeanPierre Labarrie, Jp.Lavarrie@dell.com

#### Description of Contract

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) currently uses Nutanix hardware for core compute and storage needs, but the infrastructure is nearing end-of-life with renewals due in January 2026. Maintenance costs for Nutanix have risen significantly, prompting KHS to seek alternatives. A quote from DELL to replace about 95% of the Nutanix environment offers an estimated \$2 million in savings over five years and enables independent scaling of compute and storage for better cost control.

Brief Explanation of Services to be Provided:

The services include delivering a modern compute and storage platform that supports all core business applications while enabling flexible, cost-efficient scaling. DELL will provide integrated infrastructure with ongoing support and compatibility across existing systems to ensure operational continuity and simplified vendor management.

☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same):

☒ Sole source – no competitive process can be performed. Brief reason for sole source:  
DELL uniquely ensures system compatibility, operational continuity, and streamlined vendor management through existing contracts.

- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

#### Exhibits Required:

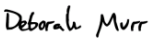
- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements
- ☐ Vendor Data Transfer Checklist ☐ DMHC Administrative Services Requirements



☐ Medi-Cal Requirements

Other Exhibits  
required:

Fiscal Impact			
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 type="checkbox"/>	No	<input checked="" type="checkbox"/> Yes
Project Type:			
Budget Cost Center: <u>CAP</u>	GL#	<u>1700</u>	
Maximum Cost of Agreement not to exceed: <u>\$2,000,000</u>			
Note:			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2029</u>			
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b> <div><div>Signed by:</div><div></div><div>727F4C9B891143B...</div></div> Department Head Date: 12/1/2025	<b>Approved as to Form:</b>   KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b> <div><div>DocuSigned by:</div><div></div><div>BD08CF3F87CF4C4...</div></div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b> <div><div>Signed by:</div><div></div><div>75A924007C46480...</div></div> Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>   Chief Financial Officer or Controller Date:	<b>IT Approval:</b> <div><div>DocuSigned by:</div><div></div><div>CB0457C562F24EE...</div></div> Chief Information Officer or IT Director Date: 12/1/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Cesar Delgado, Chief Information Officer  
**SUBJECT:** New Agreement with Microsoft for Unified Support Services  
**DATE:** December 12, 2025

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### **Background**

Kern Health Systems (KHS) relies extensively on Microsoft technologies to support its operations, including cloud services, productivity tools, and enterprise software. As the organization continues to grow and adapt to evolving technology needs, ensuring robust support for these platforms is essential for operational continuity, risk mitigation, and staff enablement.

Microsoft Unified Support is an enterprise-grade program providing comprehensive coverage for all licensed Microsoft products and services, including proactive and reactive support, advisory resources, and dedicated service management. This program is designed to enhance system performance, address issues efficiently, and strengthen overall IT resilience.

### **Discussion**

The Microsoft Unified Support agreement will provide KHS with enterprise-level access to Microsoft experts for technical issue resolution, proactive assessments, and strategic guidance. The program also includes on-demand training resources and a centralized service management portal to enhance staff proficiency and streamline support operations.

Through these services, KHS will strengthen system reliability, improve risk mitigation, and ensure consistent performance across all Microsoft platforms supporting core business functions. The agreement will be established through a cooperative purchasing arrangement under the existing Riverside County contract, allowing KHS to leverage pre-negotiated terms and pricing.

### **Financial Impact**

Cost for a one (1) year term not-to-exceed \$225,000 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to enter into, sign, and/or amend a new contract, with legal approval, with Microsoft for Unified Support Services for a one (1) year term from January 1, 2026 through December 31, 2026 with a total not-to-exceed amount of \$225,000 for the entire term of the contract.



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: Dell

Contact Name & Email Address: JeanPierre Labarrie,  
jp.labarrie@dell.com

#### Description of Contract

Type of Agreement:

- ☒ New agreement
- ☐ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

Kern Health Systems (KHS) relies extensively on Microsoft technologies to support its operations, including cloud services, productivity tools, and enterprise software. As the organization continues to grow and adapt to evolving technology needs, ensuring robust support for these platforms is essential for operational continuity, risk mitigation, and staff enablement. Microsoft Unified Support is an enterprise-grade program providing comprehensive coverage for all licensed Microsoft products and services, including proactive and reactive support, advisory resources, and dedicated service management. This program is designed to enhance system performance, address issues efficiently, and strengthen overall IT resilience.

Brief Explanation of Services to be Provided:

The Microsoft Unified Support agreement will provide KHS with enterprise-level access to Microsoft experts for technical issue resolution, proactive assessments, and strategic guidance. The program also includes on-demand training resources and a centralized service management portal to enhance staff proficiency and streamline support operations. Through these services, KHS will strengthen system reliability, improve risk mitigation, and ensure consistent performance across all Microsoft platforms supporting core business functions. The agreement will be established through a cooperative purchasing arrangement under the existing Riverside County contract, allowing KHS to leverage pre-negotiated terms and pricing.

- ☐ 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.)*

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same):

- Sole source – no competitive process can be performed. Brief reason for sole source: This will be procured directly from
- ☒ Microsoft via the riverside contract EA agreement we have in place.
- ☒ Board of Directors Approval Required

☐ Regulatory Approval Required

☐ Retroactive Agreement

**Exhibits Required:**

☐ HIPAA Business Associate Agreement (“BAA”)

☐ D-SNP Requirements

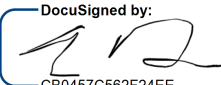
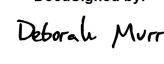
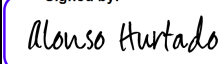
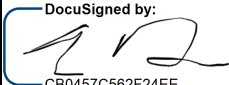
☐ Vendor Data Transfer Checklist

☐ DMHC Administrative Services Requirements

☐ Medi-Cal Requirements

Other Exhibits required:

Fiscal Impact			
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:			
Budget Cost Center: 225	GL#5406		
Maximum Cost of Agreement not to exceed: <u>\$225,000</u>			
Note:			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>12/31/2026</u>			
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b>  <div>DocuSigned by:  CB0457C562F24EE...</div> Department Head Date: 12/2/2025	<b>Approved as to Form:</b>   KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b>  <div>DocuSigned by:  BD08CF3F87CF4C4...</div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b>  <div>Signed by:  75A924007C46480...</div> Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>    Chief Financial Officer or Controller Date:	<b>IT Approval:</b>  <div>DocuSigned by:  CB0457C562F24EE...</div> Chief Information Officer or IT Director Date: 12/2/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee

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

**SUBJECT:** Request to Extend the Contract and Increase the Not-To-Exceed Amount with Zipari for the Provider and Member Portal

**DATE:** December 12, 2025

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### **Background**

In 2023, Kern Health Systems (“KHS”) was notified by Zipari that the existing Member and Provider Portal would no longer be supported. In July 2024, KHS released a Request for Proposal (“RFP”) for a new Member and Provider Portal. After diligent evaluation of the RFP proposals, KHS recommended to the Board in February 2025 to engage with mPulse for the procurement of the new portal solution. In October 2024, KHS requested Board approval to extend the agreement with Zipari for an additional seven (7) months to maintain continuity of services during the transition.

### **Discussion**

The Member and Provider Portal play a critical role in meeting DHCS requirements while improving healthcare access for members and operational efficiency for KHS and its provider network. The portal ensures DHCS compliance by providing members with timely access to benefits and provider directories, while enabling providers to check claims status, manage referrals, and meet reporting requirements. It supports CalAIM initiatives, enhances care coordination, ensures HIPAA security standards, and facilitates regulatory reporting.

Implementation of the new solution with mPulse is underway; however, additional time is needed to complete configuration, testing, member and provider onboarding. Extending the Zipari agreement for four (4) months will mitigate risks of service disruption and maintain compliance with DHCS requirements.

### **Financial Impact**

Cost to increase the existing not-to-exceed amount by \$237,456 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to sign and amend the existing contract, with legal approval, with Zipari for the extension of the current Member and Provider portal for a period of four (4) months increasing the current not-to-exceed amount by \$237,456, from \$2,709,572 to \$2,947,028, through April 30, 2026.



### AGREEMENT AT A GLANCE

Department Name: EXEC

Department Head: Alan Avery

Vendor Name: Zipari, Inc.

Contact Name & Email Address: Haleigh Parenteau,  
haleigh.parenteau@zipari.com

#### Description of Contract

Type of Agreement:

- ☐ New agreement
- ☒ Amendment No. 6
- ☐ Memorandum of Understanding (“MOU”)

Background:

In 2023, Kern Health Systems (KHS) learned that Zipari would no longer support its Member and Provider Portal, prompting an RFP for a replacement in July 2024. After evaluating proposals, KHS recommended mPulse as the new portal vendor in February 2025 and began implementation. To avoid service disruption and maintain DHCS compliance during configuration, testing, and onboarding, KHS sought Board approval to extend Zipari’s agreement for continuity. The portal is essential for meeting DHCS requirements, supporting CalAIM initiatives, ensuring HIPAA compliance, and improving access and operational efficiency for members and providers.

Brief Explanation of Services to be Provided:

Zipari will provide continued access to the existing Member and Provider Portal for four (4) months to maintain compliance and uninterrupted service while the new mPulse portal is finalized.

- ☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of same):

- Sole source – no competitive process can be performed. Brief reason for sole source: Zipari is the current vendor for the
- ☒ Provider and Member Portal software.
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

#### Exhibits Required:

- ☐ HIPAA Business Associate Agreement (“BAA”)
- ☐ Vendor Data Transfer Checklist
- ☐ Medi-Cal Requirements
- ☐ D-SNP Requirements
- ☐ DMHC Administrative Services Requirements



Other Exhibits required:

Fiscal Impact			
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:			
Budget Cost Center: <u>225</u>	GL# <u>5402</u>		
Maximum Cost of Agreement not to exceed: <u>\$237,456 for four (4) months</u>			
Note: <u>Cost will increase total aggregate cost previously approved by Board from \$2,709,572 to 2,947,028 through the term of the contract with Zipari.</u>			
Contract Terms and Conditions			
Effective date: <u>1/1/2026</u> Termination date: <u>4/30/2026</u>			
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b> <div><div>Signed by:</div><div></div><div>5B815E8A1F0949C...</div></div> Department Head Date: 12/3/2025	<b>Approved as to Form:</b>   KHS Legal Counsel Date:
<b>Compliance DMHC/DHCS Review:</b> <div><div>DocuSigned by:</div><div></div><div>BD08CF3F87CF4C4...</div></div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/3/2025	<b>Purchasing:</b> <div><div>Signed by:</div><div></div><div>75A924007C46480...</div></div> Director of Procurement and Business Optimization Date: 12/3/2025
<b>Reviewed as to Budget:</b>   Chief Financial Officer or Controller Date:	<b>IT Approval:</b> <div><div>DocuSigned by:</div><div></div><div>CB0457C562F24EE...</div></div> Chief Information Officer or IT Director Date: 12/3/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee

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

**SUBJECT:** Request to Extend the Contract and Increase the Not-To-Exceed Amount with CitiusTech for the Fast Healthcare Interoperability Resources (FHIR) System

**DATE:** December 12, 2025

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### **Background**

In 2019, Kern Health Systems (KHS) initiated a Request for Proposal (RFP) to identify a vendor capable of delivering a solution that would enhance patient access to health information and ensure compliance with the CMS Interoperability and Patient Access Rule (CMS-9115-F). After a competitive evaluation process, CitiusTech was selected as the vendor to provide these services. The company implemented its FAST+ FHIR software solution, which includes professional resources to accelerate deployment and maintain compliance with federal interoperability mandates. This solution has been critical in enabling KHS to meet regulatory requirements for secure, standards-based data exchange and to support patient access initiatives. Over the years, CitiusTech has provided ongoing licensing and technical support, ensuring uninterrupted compliance and operational stability.

### **Discussion**

KHS is requesting approval for a three-month extension of the current CitiusTech FAST+ FHIR agreement to maintain compliance while we complete the implementation of a new, more cost-effective interoperability platform. This short-term extension will allow sufficient time for system configuration, integration, and testing without risking service disruption or regulatory non-compliance. A lapse in FHIR services would jeopardize our ability to meet CMS requirements and could result in audit findings or penalties. Extending the existing agreement ensures continuity of critical services during this transition period and supports a controlled migration to the new solution.

### **Financial Impact**

Cost to increase the existing not-to-exceed amount by \$37,500 in budgeted expenses.

### **Requested Action**

Approve; refer to KHS Board of Directors in authorizing the CEO to sign and amend the existing contract, with legal approval, with CitiusTech for the extension of the FHIR licensing, software and support for a period of three (3) months increasing the current not-to-exceed amount by \$37,500 from \$853,880 to \$891,380, through March 31, 2026.



### AGREEMENT AT A GLANCE

Department Name: MIS

Department Head: Cesar Delgado

Vendor Name: CitiusTech

Contact Name & Email Address: Sara Izler,  
sara.izler@citius-tech.com

#### Description of Contract

Type of Agreement:

- ☐ New agreement
- ☒ Amendment No.
- ☐ Memorandum of Understanding (“MOU”)

Background:

In 2019, Kern Health Systems (KHS) issued an RFP to identify a vendor capable of enhancing patient access to health information and ensuring compliance with the CMS Interoperability and Patient Access Rule (CMS-9115-F). After a competitive evaluation, CitiusTech was selected to implement its FAST+ FHIR solution, which includes professional resources to accelerate deployment and maintain compliance with federal interoperability mandates. This solution has been critical for secure, standards-based data exchange and supporting patient access initiatives. Over the years, CitiusTech has provided ongoing licensing and technical support to ensure uninterrupted compliance and operational stability.

Brief Explanation of Services to be Provided:

CitiusTech will continue providing FHIR licensing, software, and technical support for an additional three months to maintain compliance during KHS’s transition to a new interoperability platform. Services include sustaining secure, standards-based data exchange, supporting patient access requirements, and ensuring uninterrupted operations while configuration, integration, and testing of the new system are completed. This short-term extension prevents service disruption, mitigates compliance risks, and enables a controlled migration without jeopardizing CMS requirements.

☐ 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.)

Brief vendor selection justification (Please include information relevant to whether an RFI, RFQ, RFP, or vendor award was made and dates of Ongoing contract with vendor, 3-month extension as we procure Edifecs Fhir Solution. same):


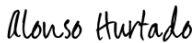

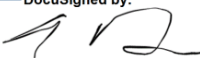
- Sole source – no competitive process can be performed. Brief reason for
- ☐ sole source:
- ☒ Board of Directors Approval Required
- ☐ Regulatory Approval Required
- ☐ Retroactive Agreement

**Exhibits Required:**

- ☐ HIPAA Business Associate Agreement (“BAA”) ☐ D-SNP Requirements

<input type="checkbox"/> Vendor Data Transfer Checklist	<input type="checkbox"/> DMHC Administrative Services Requirements
<input type="checkbox"/> Medi-Cal Requirements	
Other Exhibits required:	

Fiscal Impact			
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:			
Budget Cost Center: <u>225</u> GL# <u>5402</u>			
Maximum Cost of Agreement not to exceed: <u>\$37,500 for three (3) months</u>			
Note: <u>Cost will increase total aggregate cost previously approved by Board from \$853,880 to \$891,380 through the term of the contract with CitiusTech.</u>			
Contract Terms and Conditions			
Effective date: <u>12/18/2025</u> Termination date: <u>3/31/2026</u>			
Explain extension provisions, termination conditions and required notice:			

Approvals	
<b>Contract Owner:</b>  <div><div>DocuSigned by:</div><div></div><div>CB0457C562F24EE...</div></div> Department Head Date: 12/2/2025	<b>Approved as to Form:</b>  <div><div>Signed by:</div><div></div><div>E325942D8E45475...</div></div> KHS Legal Counsel Date: 12/2/2025
<b>Compliance DMHC/DHCS Review:</b>  <div><div>DocuSigned by:</div><div></div><div>BD08CF3F87CF4C4...</div></div> Chief Compliance and Fraud Prevention Officer or Director of Compliance and Regulatory Affairs Date: 12/1/2025	<b>Purchasing:</b>  <div><div>Signed by:</div><div></div><div>75A924007C46480...</div></div> Director of Procurement and Business Optimization Date: 12/1/2025
<b>Reviewed as to Budget:</b>  <div><div>DocuSigned by:</div><div></div><div>018DB2ACA6904FF...</div></div> Chief Financial Officer or Controller Date: 12/2/2025	<b>IT Approval:</b>  <div><div>DocuSigned by:</div><div></div><div>CB0457C562F24EE...</div></div> Chief Information Officer or IT Director Date: 12/2/2025
<div>_____</div> <div>Chief Executive Officer</div> <div>_____</div> <div>Date</div>	
<b>Board of Directors approval is required on all contracts over \$100,000 if not budgeted and \$200,000 if budgeted.</b>	
<div>_____</div> <div>KHS Board Chairman</div> <div>_____</div> <div>Date</div>	



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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** September 2025 Financial Results  
**DATE:** December 12, 2025

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The September results reflect a \$6.2 million Net Decrease in Net Position which is a \$8.5 million unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$90.7 million favorable variance primarily due to:
  - A) \$1.8 million unfavorable variance in SPD Premium Revenues is 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 is less than the rate for members who have Part B only, however, Medicare will now become primary for medical expenses associated with the members having both Part A and Part B.
  - B) \$58.0 million favorable variance in Premium-MCO Tax is from DHCS reinstating the payment and collection of the MCO Tax on October 10, 2025, which was temporary suspended for the month of August due to the passage of HR1 (One Big Beautiful Bill) and the related forthcoming CMS final rule which will impact the MCO tax. The MCO Tax is still pending CMS approval for the determination of a transition period. This amount is offset against amounts included in item 3 below.  
**(The MCO tax is used as a mechanism to generate new state funds that can be used to match with federal funds to bring additional federal dollars for Medi-Cal related programs)**
  - C) \$33.8 million favorable variance in Premium-Hospital Directed Payments is primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2025 offset against amounts included in 2E below.
- 2) Total Medical Costs reflect a \$42.7 million unfavorable variance primarily due to:
  - A) \$1.2 million favorable variance in Physician Services is primarily due to lower-than-expected utilization of Referral Specialty Services over the last several months.
  - B) \$1.6 million unfavorable variance in Outpatient Hospital due to higher-than-expected utilization over the last several months.

C) \$5.0 million unfavorable variance in Other Medical primarily from:

- 1) \$3.1 million unfavorable variance in Community Support Services expenses due to higher-than-expected usage of program services over the last several months. **Medical necessity criteria have been refined to meet the State's updated requirements. The criteria and use of a risk stratification tool have helped to identify the most appropriate members for the services. This will reduce inappropriate utilization and unnecessary costs for these services.**

(A key feature of CalAIM was the introduction of Community Support Services, formerly referred to as In Lieu of Services (ILOS). Community Support Services are designed to help improve the overall health and well-being of Medi-Cal managed care plan (MCP) members by addressing the members' health-related social needs, helping the members live healthier lives, and avoiding higher, costlier levels of care. Services include support to secure and maintain housing, access to medically tailored meals to support short-term recovery, personal care, and a variety of other community-based services. The range of services and resources are designed to address the unique needs of Medi-Cal members in the community, with a focus on promoting health, stability, and independence. Members may receive a Community Supports Service if they meet the eligibility criteria and if the MCP determines it is a medically appropriate and cost-effective alternative to services covered under Medi-Cal) **The CY 2025 funding for these services has been inadequate with minimal savings in reducing medical expenses. After numerous conversations with DHCS, senior management believes that our CY 2026 funding for Community Support Services will be sufficient to continue to maintain all Community Supports Services programs.**

- 2) \$1.3 million unfavorable variance Student Behavioral Health Incentive Program ("SBHIP") is primarily due to timing. Revenue for the final submission for the SBHIP program was recorded in April 2025. The corresponding provider expenses are not recognized until milestones are completed, documentation is submitted and reviewed, and reimbursements are processed. The \$1.3 million recorded for September 2025 reflects payments to providers meeting their milestones.
- D) \$1.6 million unfavorable variance in Risk Corridor Expense is primarily due from accruing a liability for the CY2025 UIS State-Only Risk Corridor specifically on the UIS Adult State-Only rate increments. Originally this corridor was intended for CY 2024 only, but DHCS extended for all of CY 2025. Since DHCS did not submit their intention to have this risk corridor extended in CY 2025 prospectively to CMS, federal eligible services are excluded, and the corridor applies to state-only services.
- E) \$33.8 million unfavorable variance in Hospital Directed Payments is primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2024 offset against amounts included in 1C above.
- F) \$1.4 million unfavorable variance in Non-Claims Expense Adjustment is primarily due from accruing an additional \$1.4 million MOT liability for 2024 based on the September 2025 completion of the CY 2024 MOT Risk Corridor Calculation submitted to DHCS.



- 3) \$58.0 million unfavorable variance in Premium-MCO Tax is from DHCS. reinstating the payment and collection of the MCO Tax on October 10, 2025, which was temporarily suspended for the month of August due to the passage of HR1 (One Big Beautiful Bill) and the related forthcoming final CMS rule which will impact the MCO tax. The MCO Tax is still pending CMS approval for the determination of a transition period. This amount is offset against amounts included in 1B above.

The September Medical Loss Ratio is 98.7%, which is unfavorable to the 91.8% budgeted amount. The September Administrative Expense Ratio is 5.0%, which is favorable to the 5.8% budgeted amount.

The results for the 9 months ending September 30, 2025 reflect a Net Decrease in Net Position of \$24.9 million. This is a \$45.3 million unfavorable variance to the budget and includes approximately \$37.5 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 96.1%, which is unfavorable to the 91.8% budgeted amount. The year-to-date Administrative Expense Ratio is 5.2 % which is favorable to the 5.8% budgeted amount.



**Financial Packet  
September 2025**

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**MEDI-CAL  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2025**



ASSETS	September	August	Increase/ (Decrease)
Cash and Cash Equivalents	265,274,281	259,709,416	5,564,865
Short-Term Investments	185,813,714	152,860,118	32,953,596
Premiums Receivable	146,382,384	146,092,546	289,838
Premiums Receivable - MCO Tax	124,911,065	(23,102)	124,934,168
Premiums Receivable - Hospital Directed Payments	863,776,959	928,872,544	(65,095,585)
Interest Receivable	302,182	186,291	115,891
Provider Advance Payment	73,697	91,668	(17,971)
Other Receivables	1,991,982	1,938,956	53,025
Prepaid Expenses & Other Current Assets	7,577,870	8,608,919	(1,031,049)
<b>Total Current Assets</b>	<b>1,596,104,134</b>	<b>1,498,337,357</b>	<b>97,766,777</b>
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,038,098	1,065,974	(27,875)
Computer Equipment - Net	15,875,594	16,370,702	(495,107)
Building and Improvements - Net	32,358,096	32,437,040	(78,944)
Capital Projects In Process	2,746,752	2,465,839	280,914
<b>Total Capital Assets</b>	<b>56,109,248</b>	<b>56,430,261</b>	<b>(321,013)</b>
Restricted Assets	300,000	300,000	-
Life Insurance Receivables	4,286,966	3,786,511	500,455
SBITA Asset	8,875,096	8,875,096	-
<b>Total Long-Term Assets</b>	<b>13,462,062</b>	<b>12,961,607</b>	<b>500,455</b>
Deferred Outflow of Resources	8,565,202	8,565,202	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,674,240,646</b>	<b>1,576,294,427</b>	<b>97,946,219</b>
<b>CURRENT LIABILITIES</b>			
Accrued Salaries and Benefits	9,447,839	7,877,967	1,569,872
Accrued Other Operating Expenses	5,082,403	4,961,402	121,001
MCO Tax Payable	210,097,537	85,216,089	124,881,448
Claims Payable (Reported)	30,361,173	26,933,167	3,428,007
IBNR - Inpatient Claims	74,741,998	63,924,524	10,817,474
IBNR - Physician Claims	32,513,652	32,883,878	(370,226)
IBNR - Accrued Other Medical	36,888,143	36,108,244	779,899
Risk Pool and Withholds Payable	9,956,602	9,353,496	603,107
Allowance for Claims Processing Expense	4,821,903	4,821,903	-
Other Liabilities	64,152,063	60,533,081	3,618,982
SBITA Liability – Current portion	2,217,189	2,217,189	-
Accrued Hospital Directed Payments	866,712,504	908,029,993	(41,317,489)
<b>Total Current Liabilities</b>	<b>1,346,993,006</b>	<b>1,242,860,932</b>	<b>104,132,074</b>
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	13,001,788	13,001,788	-
SBITA Liability, net of current portion	5,491,541	5,491,541	-
<b>Total NonCurrent Liabilities</b>	<b>18,493,329</b>	<b>18,493,329</b>	<b>-</b>
Deferred Inflow of Resources	70,705	70,705	-
<b>NET POSITION:</b>			
Net Position at Beginning of Year	333,567,639	333,567,639	-
Increase (Decrease) in Net Position - Current Year	(24,884,033)	(18,698,178)	(6,185,854)
<b>Total Net Position</b>	<b>308,683,606</b>	<b>314,869,460</b>	<b>(6,185,854)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>1,674,240,646</b>	<b>1,576,294,427</b>	<b>97,946,219</b>



**MEDI-CAL - ALL COA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2025**

	September	Budget	Variance	Year to Date	Budget	Variance
Family Members	239,678	247,000	(7,322)	2,174,010	2,205,000	(30,990)
Expansion Members	113,679	113,000	679	1,037,654	1,017,000	20,654
SPD Members	47,680	47,000	680	425,847	423,000	2,847
Total Members - MCAL	401,037	407,000	(5,963)	3,637,511	3,645,000	(7,489)
<b>REVENUES</b>						
Medicaid - Family Members	54,577,083	55,743,709	(1,166,626)	493,800,939	497,631,082	(3,830,143)
Medicaid - Expansion Members	48,014,320	47,912,766	101,554	438,168,264	431,214,895	6,953,370
Medicaid - SPD Members	38,572,848	40,402,462	(1,829,613)	339,987,300	363,622,156	(23,634,856)
Premium - MCO Tax	118,272,602	60,231,930	58,040,672	532,226,711	539,423,550	(7,196,840)
Premium - Hospital Directed Payments	58,296,817	24,465,695	33,831,122	529,468,178	219,481,225	309,986,954
Investment Earnings And Other Income	1,865,041	2,003,765	(138,724)	18,659,974	17,979,670	680,304
Reinsurance Recoveries	2,153,218	275,888	1,877,329	4,825,949	2,470,204	2,355,745
Rate Adjustments - Hospital Directed Payments	28,929	-	28,929	56,594,089	-	56,594,089
Rate/Income Adjustments	(59,814)	-	(59,814)	23,805,046	-	23,805,046
Total Revenues	321,721,045	231,036,215	90,684,830	2,437,536,451	2,071,822,782	365,713,669
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	35,775,586	37,009,320	1,233,734	346,253,294	331,715,358	(14,537,936)
Other Professional Services	11,579,214	10,910,279	(668,936)	99,935,788	97,835,528	(2,100,260)
Emergency Room	6,861,936	6,840,414	(21,522)	60,183,348	61,285,474	1,102,127
Inpatient	33,479,870	34,114,570	634,701	312,933,424	306,210,887	(6,722,537)
Reinsurance Expense	262,754	275,888	13,134	2,363,216	2,470,204	106,988
Outpatient Hospital	17,115,477	15,482,951	(1,632,526)	140,592,063	139,002,158	(1,589,905)
Other Medical	34,103,997	29,099,032	(5,004,965)	314,334,413	261,424,227	(52,910,186)
Pay for Performance Quality Incentive	603,107	610,496	7,390	5,557,818	5,467,521	(90,297)
Risk Corridor Expense	1,591,081	-	(1,591,081)	1,591,081	-	(1,591,081)
Hospital Directed Payments	58,296,817	24,465,695	(33,831,122)	529,481,617	219,481,225	(310,000,393)
Hospital Directed Payment Adjustment	(53,406)	-	53,406	57,314,079	-	(57,314,079)
Non-Claims Expense Adjustment	1,413,996	-	(1,413,996)	(15,231,689)	-	15,231,689
IBNR, Incentive, Paid Claims Adjustment	482,033	-	(482,033)	(224,878)	-	224,878
Total Medical Costs	201,512,462	158,808,646	(42,703,815)	1,855,083,573	1,424,892,581	(430,190,992)
GROSS MARGIN	120,208,583	72,227,568	47,981,015	582,452,878	646,930,201	(64,477,323)
<b>ADMINISTRATIVE COSTS</b>						
Compensation	4,081,115	4,223,118	142,003	35,334,995	38,008,058	2,673,064
Purchased Services	1,839,667	2,343,143	503,476	18,789,122	21,088,285	2,299,163
Supplies	153,441	244,078	90,637	1,422,449	2,196,708	774,259
Depreciation	601,927	766,752	164,825	5,411,212	6,900,768	1,489,557
Other Administrative Expenses	544,941	672,404	127,463	6,291,816	6,051,648	(240,168)
Administrative Expense Adjustment	-	200,000	200,000	1,053,608	1,800,000	746,392
Total Administrative Expenses	7,221,090	8,449,494	1,228,404	68,303,201	76,045,468	7,742,267
TOTAL EXPENSES	208,733,552	167,258,140	(41,475,412)	1,923,386,774	1,500,938,049	(422,448,725)
OPERATING INCOME (LOSS) BEFORE TAX	112,987,493	63,778,074	49,209,418	514,149,677	570,884,733	(56,735,056)
MCO TAX	118,272,602	60,231,930	(58,040,672)	532,226,711	539,423,550	7,196,840
OPERATING INCOME (LOSS) NET OF TAX	(5,285,110)	3,546,144	(8,831,254)	(18,077,034)	31,461,183	(49,538,217)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(796,066)	(834,968)	38,903	(5,240,923)	(7,491,171)	2,250,247
D-SNP Expenses	(104,679)	(401,225)	296,546	(1,566,076)	(3,599,707)	2,033,631
Total Non-Operating Revenue (Expense)	(900,745)	(1,236,193)	335,448	(6,806,999)	(11,090,877)	4,283,878
NET INCREASE (DECREASE) IN NET POSITION	(6,185,854)	2,309,951	(8,495,806)	(24,884,033)	20,370,306	(45,254,339)
MEDICAL LOSS RATIO	98.7%	91.8%	-6.9%	96.1%	91.8%	-4.3%
ADMINISTRATIVE EXPENSE RATIO	5.0%	5.8%	0.8%	5.2%	5.8%	0.6%



**MEDI-CAL - ALL COA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES**  
**IN NET POSITION**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2025**

	September	Budget	Variance	Year to Date	Budget	Variance
Family Members	239,678	247,000	(7,322)	2,174,010	2,205,000	(30,990)
Expansion Members	113,679	113,000	679	1,037,654	1,017,000	20,654
SPD Members	47,680	47,000	680	425,847	423,000	2,847
Total Members - MCAL	401,037	407,000	(5,963)	3,637,511	3,645,000	(7,489)
<b>REVENUES</b>						
Medicaid - Family Members	227.71	225.68	2.03	227.14	225.68	1.46
Medicaid - Expansion Members	422.37	424.01	(1.64)	422.27	424.01	(1.74)
Medicaid - SPD Members	808.99	859.63	(50.63)	798.38	859.63	(61.25)
Premium - MCO Tax	294.92	147.99	146.93	146.32	147.99	(1.67)
Premium - Hospital Directed Payments	145.37	60.11	85.25	145.56	60.21	85.34
Investment Earnings And Other Income	4.65	4.92	(0.27)	5.13	4.93	0.20
Reinsurance Recoveries	5.37	0.68	4.69	1.33	0.68	0.65
Rate Adjustments - Hospital Directed Payments	0.07	-	0.07	15.56	-	15.56
Rate/Income Adjustments	(0.15)	-	(0.15)	6.54	-	6.54
Total Revenues	802.22	567.66	234.57	670.11	568.40	101.71
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	89.21	90.93	1.72	95.19	91.01	(4.18)
Other Professional Services	28.87	26.81	(2.07)	27.47	26.84	(0.63)
Emergency Room	17.11	16.81	(0.30)	16.55	16.81	0.27
Inpatient	83.48	83.82	0.34	86.03	84.01	(2.02)
Reinsurance Expense	0.66	0.68	0.02	0.65	0.68	0.03
Outpatient Hospital	42.68	38.04	(4.64)	38.65	38.14	(0.52)
Other Medical	85.04	71.50	(13.54)	86.41	71.72	(14.69)
Pay for Performance Quality Incentive	1.50	1.50	(0.00)	1.53	1.50	(0.03)
Risk Corridor Expense	3.97	-	(3.97)	0.44	-	(0.44)
Hospital Directed Payments	145.37	60.11	(85.25)	145.56	60.21	(85.35)
Hospital Directed Payment Adjustment	(0.13)	-	0.13	15.76	-	(15.76)
Non-Claims Expense Adjustment	3.53	-	(3.53)	(4.19)	-	4.19
IBNR, Incentive, Paid Claims Adjustment	1.20	-	(1.20)	(0.06)	-	0.06
Total Medical Costs	502.48	390.19	(112.29)	509.99	390.92	(119.07)
GROSS MARGIN	299.74	177.46	122.28	160.12	177.48	(17.36)
<b>ADMINISTRATIVE COSTS</b>						
Compensation	10.18	10.38	0.20	9.71	10.43	0.71
Purchased Services	4.59	5.76	1.17	5.17	5.79	0.62
Supplies	0.38	0.60	0.22	0.39	0.60	0.21
Depreciation	1.50	1.88	0.38	1.49	1.89	0.41
Other Administrative Expenses	1.36	1.65	0.29	1.73	1.66	(0.07)
Administrative Expense Adjustment	-	0.49	0.49	0.29	0.49	0.20
Total Administrative Expenses	18.01	20.76	2.75	18.78	20.86	2.09
TOTAL EXPENSES	520.48	410.95	(109.53)	528.76	411.78	(116.98)
OPERATING INCOME (LOSS) BEFORE TAX	281.74	156.70	125.04	141.35	156.62	(15.27)
MCO TAX	294.92	147.99	(146.93)	146.32	147.99	1.67
OPERATING INCOME (LOSS) NET OF TAX	(13.18)	8.71	(21.89)	(4.97)	8.63	(13.60)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(0.26)	(2.05)	1.79	(0.43)	(2.06)	1.62
D-SNP Expenses	(1.99)	(0.99)	(1.00)	(1.44)	(0.99)	(0.45)
Total Non-Operating Revenue (Expense)	(2.25)	(3.04)	0.79	(1.87)	(3.04)	1.17
NET INCREASE (DECREASE) IN NET POSITION	(15.42)	5.68	(21.10)	(6.84)	5.59	(12.43)
MEDICAL LOSS RATIO	98.7%	91.8%	-6.9%	96.1%	91.8%	-4.3%
ADMINISTRATIVE EXPENSE RATIO	5.0%	5.8%	0.8%	5.2%	5.8%	0.6%

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY QUARTER  
ROLLING 4 QUARTERS  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	2024 - Q3	2024 - Q4	2025 - Q1	2025 - Q2	Rolling 4-Quarter Totals	CURRENT QUARTER 2025 - Q3
Total Members - MCAL	1,204,552	1,209,901	1,215,186	1,213,588	4,843,227	1,208,737
<b>REVENUES</b>						
Medicaid - Family Members	157,352,051	181,853,744	164,182,925	164,643,931	668,032,651	164,974,083
Medicaid - Expansion Members	115,764,407	146,690,508	146,129,580	146,406,773	554,991,267	145,631,912
Medicaid - SPD Members	63,945,176	72,615,432	112,116,656	113,466,544	362,143,808	114,404,100
Medicaid - LTC Members	12,158,979	12,679,447	-	-	24,838,426	-
Premium - MCO Tax	304,000,610	169,305,625	177,408,904	177,408,904	828,124,042	177,408,904
Premium - Hospital Directed Payments	73,636,849	74,054,842	176,821,231	176,863,014	501,375,937	175,783,933
Investment Earnings And Other Income	10,624,397	6,363,381	6,614,108	6,619,093	30,220,979	5,426,773
Reinsurance Recoveries	-	-	-	1,600,000	1,600,000	3,225,949
Rate Adjustments - Hospital Directed Payments	(8,849,506)	(45,264)	105,206,644	153,982	96,465,856	(48,766,536)
Rate/Income Adjustments	2,310,217	29,220	2,557,018	16,334,961	21,231,416	4,913,067
Total Revenues	730,943,182	663,546,935	891,037,065	803,497,202	3,089,024,383	743,002,184
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	100,828,569	117,920,414	113,538,825	120,549,958	452,837,766	112,164,511
Other Professional Services	27,259,189	17,579,841	31,017,823	33,468,699	109,325,551	35,449,266
Emergency Room	19,085,229	20,264,346	20,024,420	20,408,138	79,782,132	19,750,790
Inpatient	98,069,526	109,860,804	98,477,222	112,568,469	418,976,021	101,887,733
Reinsurance Expense	337,661	337,245	808,856	768,322	2,252,085	786,038
Outpatient Hospital	46,542,079	45,089,064	46,204,757	46,499,744	184,335,645	47,887,562
Other Medical	93,132,007	95,537,563	99,350,041	108,019,275	396,038,888	106,965,073
Pay for Performance Quality Incentive	1,809,795	1,814,852	1,822,779	1,920,382	7,367,808	1,814,657
Risk Corridor Expense	2,133,095	(960,173)	-	-	1,172,922	1,591,081
Hospital Directed Payments	73,636,849	74,054,842	176,821,231	176,863,014	501,375,937	175,797,372
Hospital Directed Payment Adjustment	(6,489,175)	(45,264)	105,103,291	1,172,910	99,741,761	(48,962,121)
Non-Claims Expense Adjustment	(4,294,448)	(1,489,159)	(6,486,815)	(10,264,893)	(22,535,315)	1,520,018
IBNR, Incentive, Paid Claims Adjustment	(6,331,814)	(3,892,128)	658,346	(3,531,172)	(13,096,768)	2,647,971
Total Medical Costs	445,718,563	476,072,247	687,340,775	608,442,846	2,217,574,432	559,299,951
GROSS MARGIN	285,224,619	187,474,687	203,696,289	195,054,356	871,449,951	183,702,233
<b>ADMINISTRATIVE COSTS</b>						
Compensation	11,047,726	12,349,629	11,773,691	11,672,587	46,843,633	11,888,717
Purchased Services	6,652,421	6,570,351	5,241,893	7,542,567	26,007,232	6,004,661
Supplies	707,109	693,365	438,866	353,058	2,192,398	630,525
Depreciation	2,283,774	2,071,812	1,794,880	1,806,873	7,957,339	1,809,458
Other Administrative Expenses	1,588,772	1,848,717	2,016,475	2,053,315	7,507,279	2,222,027
Administrative Expense Adjustment	(2,309)	1,230,808	776,919	276,996	2,282,415	(308)
Total Administrative Expenses	22,277,493	24,764,681	22,042,724	23,705,397	92,790,295	22,555,080
TOTAL EXPENSES	467,996,056	500,836,928	709,383,500	632,148,243	2,310,364,727	581,855,031
OPERATING INCOME (LOSS) BEFORE TAX	262,947,125	162,710,007	181,653,565	171,348,959	778,659,656	161,147,153
MCO TAX	304,000,610	169,305,625	177,408,904	177,408,904	650,715,139	177,408,904
OPERATING INCOME (LOSS) NET OF TAX	(41,053,485)	(6,595,619)	4,244,662	(6,059,945)	127,944,517	(16,261,750)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(1,249,113)	(4,205,257)	(1,632,695)	(2,512,502)	(9,599,567)	(2,661,803)
NET INCREASE (DECREASE) IN NET POSITION	(42,302,598)	(10,800,875)	2,611,967	(8,572,447)	118,344,951	(18,923,553)
MEDICAL LOSS RATIO	104.5%	95.7%	93.9%	95.8%	97.2%	98.6%
ADMINISTRATIVE EXPENSE RATIO	6.2%	5.9%	5.1%	5.3%	5.6%	5.1%

MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY QUARTER  
ROLLING 4 QUARTERS PMPM  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	2024 - Q3	2024 - Q4	2025 - Q1	2025 - Q2	Rolling Quarter Totals	CURRENT QUARTER 2025 - Q3
Total Members - MCAL	1,204,552	1,209,901	1,215,186	1,213,588	4,843,227	1,208,737
<b>REVENUES</b>						
Medicaid - Family Members	197.65	228.42	225.55	227.27	219.41	228.61
Medicaid - Expansion Members	343.25	428.47	422.74	421.81	404.40	422.25
Medicaid - SPD Members	918.71	1,039.89	791.89	798.75	855.99	804.47
Medicaid - LTC Members	7,764.35	8,050.44	-	-	7,907.81	-
Premium - MCO Tax	252.38	139.93	145.99	146.19	170.99	146.77
Premium - Hospital Directed Payments	61.13	61.21	145.51	145.74	103.52	145.43
Investment Earnings And Other Income	8.82	5.26	5.44	5.45	6.24	4.49
Reinsurance Recoveries	-	-	-	1.32	0.33	2.67
Rate Adjustments - Hospital Directed Payments	(7.35)	(0.04)	86.58	0.13	19.92	(40.35)
Rate/Income Adjustments	1.92	0.02	2.10	13.46	4.38	4.06
Total Revenues	606.82	548.43	733.25	662.08	637.80	614.69
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	83.71	97.46	93.43	99.33	93.50	92.79
Other Professional Services	22.63	14.53	25.53	27.58	22.57	29.33
Emergency Room	15.84	16.75	16.48	16.82	16.47	16.34
Inpatient	81.42	90.80	81.04	92.76	86.51	84.29
Reinsurance Expense	0.28	0.28	0.67	0.63	0.46	0.65
Outpatient Hospital	38.64	37.27	38.02	38.32	38.06	39.62
Other Medical	77.32	78.96	81.76	89.01	81.77	88.49
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.58	1.52	1.50
Risk Corridor Expense	1.77	(0.79)	-	-	0.24	1.32
Hospital Directed Payments	61.13	61.21	145.51	145.74	103.52	145.44
Hospital Directed Payment Adjustment	(5.39)	(0.04)	86.49	0.97	20.59	(40.51)
Non-Claims Expense Adjustment	(3.57)	(1.23)	(5.34)	(8.46)	(4.65)	1.26
IBNR, Incentive, Paid Claims Adjustment	(5.26)	(3.22)	0.54	(2.91)	(2.70)	2.19
Total Medical Costs	370.03	393.48	565.63	501.36	457.87	462.71
GROSS MARGIN	236.79	154.95	167.63	160.73	179.93	151.98
<b>ADMINISTRATIVE COSTS</b>						
Compensation	9.17	10.21	9.69	9.62	9.67	9.84
Purchased Services	5.52	5.43	4.31	6.22	5.37	4.97
Supplies	0.59	0.57	0.36	0.29	0.45	0.52
Depreciation	1.90	1.71	1.48	1.49	1.64	1.50
Other Administrative Expenses	1.32	1.53	1.66	1.69	1.55	1.84
Administrative Expense Adjustment	(0.00)	1.02	0.64	0.23	0.47	(0.00)
Total Administrative Expenses	18.49	20.47	18.14	19.53	19.16	18.66
TOTAL EXPENSES	388.52	413.95	583.77	520.89	477.03	481.37
OPERATING INCOME (LOSS) BEFORE TAX	218.29	134.48	149.49	141.19	160.77	133.32
MCO TAX	252.38	139.93	145.99	146.19	134.36	146.77
OPERATING INCOME (LOSS) NET OF TAX	(34.08)	(5.45)	3.49	(4.99)	26.42	(13.45)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(1.04)	(3.48)	(1.34)	(2.07)	(1.98)	(2.20)
NET INCREASE (DECREASE) IN NET POSITION	(35.12)	(8.93)	2.15	(7.06)	24.44	(15.66)
MEDICAL LOSS RATIO	104.5%	95.7%	93.9%	95.8%	97.2%	98.6%
ADMINISTRATIVE EXPENSE RATIO	6.2%	5.9%	5.1%	5.3%	5.6%	5.1%



MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
ROLLING 6 MONTHS  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	MARCH 2025	APRIL 2025	MAY 2025	JUNE 2025	JULY 2025	AUGUST 2025	Prior 6 Month YTD	September 2025	Year to Date Total
Total Members - MCAL	405,200	404,899	403,890	404,799	405,629	402,071	2,426,488	401,037	3,637,511
<b>REVENUES</b>									
Medicaid - Family Members	54,380,020	54,688,236	55,024,952	54,930,744	55,112,034	55,284,966	329,420,951	54,577,083	493,800,939
Medicaid - Expansion Members	48,654,624	48,688,708	48,723,433	48,994,633	49,057,991	48,559,601	292,678,989	48,014,320	438,168,264
Medicaid - SPD Members	37,530,381	37,663,190	37,785,856	38,017,497	38,111,261	37,719,991	226,828,176	38,572,848	339,987,300
Medicaid - LTC Members	-	-	-	-	-	-	-	-	-
Premium - MCO Tax	59,136,301	59,136,301	59,124,814	59,147,788	59,136,301	(0)	295,681,506	118,272,602	532,226,711
Premium - Hospital Directed Payments	58,943,903	58,897,348	58,890,354	59,075,312	59,035,880	58,451,235	353,294,033	58,296,817	529,468,178
Investment Earnings And Other Income	2,464,994	3,204,688	1,505,898	1,908,507	1,650,374	1,911,358	12,645,819	1,865,041	18,659,974
Reinsurance Recoveries	-	-	-	1,600,000	300,000	772,732	2,672,732	2,153,218	4,825,949
Rate Adjustments - Hospital Directed Payments	118,837	111,950	78,980	(36,948)	4,261,053	(53,056,519)	(48,522,646)	28,929	56,594,089
Rate/Income Adjustments	666,041	6,525,510	136,042	9,673,408	4,824,965	147,916	21,973,883	(59,814)	23,805,046
Total Revenues	261,895,101	268,915,931	261,270,330	273,310,941	271,489,861	149,791,279	1,486,673,442	321,721,045	2,437,536,451
<b>EXPENSES</b>									
<b>MEDICAL COSTS</b>									
Physician Services	38,694,525	39,018,167	39,419,683	42,112,109	38,137,625	38,251,300	235,633,409	35,775,586	346,253,294
Other Professional Services	9,567,330	11,252,193	10,693,341	11,523,165	11,113,022	12,757,030	66,906,081	11,579,214	99,935,788
Emergency Room	6,225,711	6,330,730	7,074,183	7,003,225	6,580,865	6,307,989	39,522,703	6,861,936	60,183,348
Inpatient	33,213,126	33,714,646	39,326,548	39,527,275	34,361,371	34,046,492	214,189,459	33,479,870	312,933,424
Reinsurance Expense	269,619	240,829	271,713	255,781	260,984	262,299	1,561,224	262,754	2,363,216
Outpatient Hospital	14,487,044	16,762,573	14,357,942	15,379,229	15,553,674	15,218,411	91,758,873	17,115,477	140,592,063
Other Medical	34,288,028	35,490,285	34,883,873	37,645,117	38,154,038	34,707,037	215,168,378	34,103,997	314,334,413
Pay for Performance Quality Incentive	607,800	607,349	605,835	707,199	608,444	603,107	3,739,732	603,107	5,557,818
Risk Corridor Expense	-	-	-	-	-	-	-	1,591,081	1,591,081
Hospital Directed Payments	58,943,903	58,897,348	58,890,354	59,075,312	59,035,880	58,464,674	353,307,472	58,296,817	529,481,617
Hospital Directed Payment Adjustment	15,484	111,948	1,098,088	(37,127)	4,261,156	(53,169,871)	(47,720,321)	(53,406)	57,314,079
Non-Claims Expense Adjustment	(3,382,901)	(1,877)	(10,262,733)	(283)	99,601	6,421	(13,541,772)	1,413,996	(15,231,689)
IBNR, Incentive, Paid Claims Adjustment	21,094	(2,667,263)	(37,610)	(826,300)	822,578	1,343,361	(1,344,140)	482,033	(224,878)
Total Medical Costs	192,950,763	199,756,928	196,321,218	212,364,700	208,989,239	148,798,250	1,159,181,099	201,512,462	1,855,083,573
GROSS MARGIN	68,944,338	69,159,003	64,949,112	60,946,241	62,500,621	993,028	327,492,343	120,208,583	582,452,878
<b>ADMINISTRATIVE COSTS</b>									
Compensation	3,865,011	3,886,069	3,873,266	3,913,252	4,003,904	3,803,698	23,345,200	4,081,115	35,334,995
Purchased Services	2,002,235	2,673,698	2,687,401	2,181,469	2,832,364	1,332,630	13,709,797	1,839,667	18,789,122
Supplies	180,460	122,949	121,882	108,227	137,483	339,600	1,010,602	153,441	1,422,449
Depreciation	597,431	597,265	605,113	604,495	604,109	603,423	3,611,836	601,927	5,411,212
Other Administrative Expenses	664,289	561,209	836,014	656,092	1,115,773	561,313	4,394,690	544,941	6,291,816
Administrative Expense Adjustment	375,177	160,116	69,345	47,536	(308)	-	651,865	-	1,053,608
Total Administrative Expenses	7,684,602	8,001,306	8,193,021	7,511,070	8,693,325	6,640,664	46,723,989	7,221,090	68,303,201
TOTAL EXPENSES	200,635,365	207,758,234	204,514,239	219,875,770	217,682,565	155,438,914	1,205,905,087	208,733,552	1,923,386,774
OPERATING INCOME (LOSS) BEFORE TAX	61,259,736	61,157,697	56,756,091	53,435,171	53,807,296	(5,647,635)	280,768,355	112,987,493	514,149,677
MCO TAX	59,136,301	59,136,301	59,136,301	59,136,301	59,136,301	(0)	295,681,506	118,272,602	532,226,711
OPERATING INCOME (LOSS) NET OF TAX	2,123,435	2,021,395	(2,380,210)	(5,701,130)	(5,329,005)	(5,647,635)	(14,913,151)	(5,285,110)	(18,077,034)
<b>NON-OPERATING REVENUE (EXPENSE)</b>									
Total Non-Operating Revenue (Expense)	(407,789)	(511,718)	(845,044)	(1,155,740)	(1,441,323)	(319,735)	(4,681,350)	(900,745)	(6,806,999)
NET INCREASE (DECREASE) IN NET POSITION	1,715,645	1,509,677	(3,225,255)	(6,856,869)	(6,770,328)	(5,967,371)	(19,594,500)	(6,185,854)	(24,884,033)
MEDICAL LOSS RATIO	93.2%	93.4%	95.2%	98.8%	97.7%	99.4%	96.3%	98.7%	96.1%
ADMINISTRATIVE EXPENSE RATIO	5.3%	5.3%	5.7%	4.8%	5.8%	4.6%	5.3%	5.0%	5.2%



MEDI-CAL - ALL COA  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN NET POSITION BY MONTH  
PMPM ROLLING 6 MONTHS  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	MARCH 2025	APRIL 2025	MAY 2025	JUNE 2025	JULY 2025	AUGUST 2025	6 Month Prior YTD	September 2025
Total Members - MCAL	405,200	404,899	403,890	404,799	405,629	402,071	2,426,488	401,037
<b>REVENUES</b>								
Medicaid - Family Members	224.06	225.70	228.41	227.71	228.01	230.12	227.33	227.71
Medicaid - Expansion Members	422.24	422.12	421.48	421.84	420.68	423.75	422.01	422.37
Medicaid - SPD Members	794.08	797.07	797.42	801.74	805.73	798.64	799.12	808.99
Medicaid - LTC Members	-	-	-	-	-	1.00	-	-
Premium - MCO Tax	145.94	146.05	146.39	146.12	145.79	(0.00)	121.86	294.92
Premium - Hospital Directed Payments	145.47	145.46	145.81	145.94	145.54	145.38	145.60	145.37
Investment Earnings And Other Income	6.08	7.91	3.73	4.71	4.07	4.75	5.21	4.65
Reinsurance Recoveries	-	-	-	3.95	0.74	1.92	1.10	5.37
Rate Adjustments - Hospital Directed Payments	0.29	0.28	0.20	(0.09)	10.50	(131.96)	(20.00)	0.07
Rate/Income Adjustments	1.64	16.12	0.34	23.90	11.90	0.37	9.06	(0.15)
Total Revenues	646.34	664.16	646.88	675.18	669.31	372.55	612.69	802.22
<b>EXPENSES</b>								
<b>MEDICAL COSTS</b>								
Physician Services	95.49	96.37	97.60	104.03	94.02	95.14	97.11	89.21
Other Professional Services	23.61	27.79	26.48	28.47	27.40	31.73	27.57	28.87
Emergency Room	15.36	15.64	17.52	17.30	16.22	15.69	16.29	17.11
Inpatient	81.97	83.27	97.37	97.65	84.71	84.68	88.27	83.48
Reinsurance Expense	0.67	0.59	0.67	0.63	0.64	0.65	0.64	0.66
Outpatient Hospital	35.75	41.40	35.55	37.99	38.34	37.85	37.82	42.68
Other Medical	84.62	87.65	86.37	93.00	94.06	86.32	88.67	85.04
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.75	1.50	1.50	1.54	1.50
Risk Corridor Expense	-	-	-	-	-	-	-	3.97
Hospital Directed Payments	145.47	145.46	145.81	145.94	145.54	145.41	145.60	145.37
Hospital Directed Payment Adjustment	0.04	0.28	2.72	(0.09)	10.51	(132.24)	(19.67)	(0.13)
Non-Claims Expense Adjustment	(8.35)	(0.00)	(25.41)	(0.00)	0.25	0.02	(5.58)	3.53
IBNR, Incentive, Paid Claims Adjustment	0.05	(6.59)	(0.09)	(2.04)	2.03	3.34	(0.55)	1.20
Total Medical Costs	476.19	493.35	486.08	524.62	515.22	370.08	477.72	502.48
GROSS MARGIN	170.15	170.81	160.81	150.56	154.08	2.47	134.97	299.74
<b>ADMINISTRATIVE COSTS</b>								
Compensation	9.54	9.60	9.59	9.67	9.87	9.46	9.62	10.18
Purchased Services	4.94	6.60	6.65	5.39	6.98	3.31	5.65	4.59
Supplies	0.45	0.30	0.30	0.27	0.34	0.84	0.42	0.38
Depreciation	1.47	1.48	1.50	1.49	1.49	1.50	1.49	1.50
Other Administrative Expenses	1.64	1.39	2.07	1.62	2.75	1.40	1.81	1.36
Administrative Expense Adjustment	0.93	0.40	0.17	0.12	(0.00)	-	0.27	-
Total Administrative Expenses	18.96	19.76	20.29	18.56	21.43	16.52	19.26	18.01
TOTAL EXPENSES	495.15	513.11	506.36	543.17	536.65	386.60	496.98	520.48
OPERATING INCOME (LOSS) BEFORE TAX	151.18	151.04	140.52	132.00	132.65	(14.05)	115.71	281.74
MCO TAX	145.94	146.05	146.42	146.09	145.79	(0.00)	121.86	294.92
OPERATING INCOME (LOSS) NET OF TAX	5.24	4.99	(5.89)	(14.08)	(13.14)	(14.05)	(6.15)	(13.18)
<b>NON-OPERATING REVENUE (EXPENSE)</b>								
Total Non-Operating Revenue (Expense)	(1.01)	(1.26)	(2.09)	(2.86)	(3.55)	(0.80)	(1.93)	(2.25)
NET INCREASE (DECREASE) IN NET POSITION	4.23	3.73	(7.99)	(16.94)	(16.69)	(14.84)	(8.08)	(15.42)
MEDICAL LOSS RATIO	93.2%	93.4%	95.2%	98.8%	97.7%	99.4%	96.3%	98.7%
ADMINISTRATIVE EXPENSE RATIO	5.3%	5.3%	5.7%	4.8%	5.8%	4.6%	5.3%	5.0%

**MEDI-CAL**  
**SCHEDULE OF REVENUES - ALL COA**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2025**



REVENUES	September	Budget	Variance
Premium - Medi-Cal	46,769,228	48,860,800	(2,091,572)
Premium - Maternity Kick	3,886,062	3,395,869	490,193
Premium - Enhanced Care Management	2,092,576	1,772,264	320,312
Premium - Major Organ Transplant	159,929	240,067	(80,138)
Premium - Provider Enhancement	1,415,311	1,181,944	233,367
Premium - GEMT	158,257	184,084	(25,827)
Other	95,719	108,680	(12,961)
<b>TOTAL MEDICAID - FAMILY MEMBERS</b>	<b>54,577,083</b>	<b>55,743,709</b>	<b>(1,166,626)</b>
Premium - Medi-Cal	44,442,704	44,592,454	(149,751)
Premium - Maternity Kick	473,351	442,636	30,715
Premium - Enhanced Care Management	2,113,720	1,778,641	335,080
Premium - Major Organ Transplant	283,117	422,945	(139,828)
Premium - Provider Enhancement	423,473	364,845	58,628
Premium - GEMT	232,413	261,525	(29,112)
Other	45,542	49,720	(4,178)
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>48,014,320</b>	<b>47,912,766</b>	<b>101,554</b>
Premium - Medi-Cal	36,918,872	38,843,987	(1,925,115)
Premium - Enhanced Care Management	1,360,266	1,014,864	345,402
Premium - Major Organ Transplant	118,931	341,085	(222,154)
Premium - Provider Enhancement	32,664	28,525	4,139
Premium - GEMT	140,709	173,842	(33,133)
Premium - Distinct Part Nursing Facility	1,247	-	1,247
Other	159	159	-
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,572,848</b>	<b>40,402,462</b>	<b>(1,829,613)</b>

Year to Date	Budget	Variance
426,630,195	436,186,492	(9,556,297)
31,378,617	30,315,352	1,063,265
19,107,472	15,821,222	3,286,250
1,458,958	2,143,112	(684,154)
12,908,800	10,551,362	2,357,437
1,446,210	1,643,342	(197,132)
870,687	970,200	(99,513)
<b>493,800,939</b>	<b>497,631,082</b>	<b>(3,830,143)</b>
405,951,919	401,332,088	4,619,830
3,847,889	3,983,726	(135,837)
19,361,477	16,007,765	3,353,712
2,584,677	3,806,505	(1,221,828)
3,876,303	3,283,605	592,698
2,129,469	2,353,725	(224,256)
416,531	447,480	(30,949)
<b>438,168,264</b>	<b>431,214,895</b>	<b>6,953,370</b>
325,423,606	349,596,223	(24,172,617)
11,992,215	9,133,777	2,858,438
1,039,329	3,069,765	(2,030,436)
286,557	256,725	29,832
1,233,427	1,564,578	(331,151)
11,078	-	11,078
1,088	1,088	-
<b>339,987,300</b>	<b>363,622,156</b>	<b>(23,634,856)</b>

MEDI-CAL  
SCHEDULE OF REVENUES - ALL COA  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



REVENUES	January	February	March	April	May	June	July	August	September	Year to Date
Premium - Medi-Cal	47,363,308	47,545,964	47,551,546	47,638,089	47,672,367	47,373,580	47,430,400	47,285,713	46,769,228	426,630,195
Premium - Maternity Kick	3,443,250	3,489,058	2,840,108	3,053,880	3,351,633	3,580,674	3,702,830	4,031,122	3,886,062	31,378,617
Premium - Enhanced Care Management	2,125,064	2,131,060	2,130,863	2,133,053	2,132,628	2,122,809	2,122,439	2,116,979	2,092,576	19,107,472
Premium - Major Organ Transplant	160,356	161,697	161,742	162,891	164,567	162,543	162,658	162,575	159,929	1,458,958
Premium - Provider Enhancement	1,429,771	1,437,183	1,437,262	1,441,621	1,445,331	1,434,006	1,436,284	1,432,031	1,415,311	12,908,800
Premium - GEMT	160,977	161,437	161,348	161,465	161,307	160,694	160,596	160,128	158,257	1,446,210
Other	96,746	97,035	97,150	97,236	97,118	96,437	96,828	96,418	95,719	870,687
<b>TOTAL MEDICAID - FAMILY MEMBERS</b>	<b>54,779,472</b>	<b>55,023,433</b>	<b>54,380,020</b>	<b>54,688,236</b>	<b>55,024,952</b>	<b>54,930,744</b>	<b>55,112,034</b>	<b>55,284,966</b>	<b>54,577,083</b>	<b>493,800,939</b>
Premium - Medi-Cal	44,855,744	45,219,120	45,018,916	45,125,766	45,365,301	45,433,984	45,545,841	44,944,541	44,442,704	405,951,919
Premium - Maternity Kick	564,968	511,525	480,986	412,274	206,137	381,735	335,927	480,986	473,351	3,847,889
Premium - Enhanced Care Management	2,153,257	2,165,899	2,154,091	2,150,015	2,149,171	2,170,055	2,167,026	2,138,244	2,113,720	19,361,477
Premium - Major Organ Transplant	285,237	287,671	286,455	287,370	289,211	289,196	290,123	286,297	283,117	2,584,677
Premium - Provider Enhancement	430,414	433,175	430,922	430,557	430,991	434,307	434,111	428,354	423,473	3,876,303
Premium - GEMT	236,976	238,316	236,993	236,445	236,220	238,707	238,283	235,117	232,413	2,129,469
Other	46,164	46,490	46,262	46,280	46,403	46,649	46,680	46,062	45,542	416,531
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>48,572,760</b>	<b>48,902,196</b>	<b>48,654,624</b>	<b>48,688,708</b>	<b>48,723,433</b>	<b>48,994,633</b>	<b>49,057,991</b>	<b>48,559,601</b>	<b>48,014,320</b>	<b>438,168,264</b>
Premium - Medi-Cal	37,081,984	34,297,701	35,919,054	36,050,326	36,169,992	36,388,660	36,483,130	36,113,888	36,918,872	325,423,606
Premium - Enhanced Care Management	1,403,572	1,238,016	1,326,920	1,327,850	1,329,835	1,341,543	1,340,261	1,323,952	1,360,266	11,992,215
Premium - Major Organ Transplant	125,409	102,004	114,724	115,251	115,746	116,094	116,793	114,376	118,931	1,039,329
Premium - Provider Enhancement	35,647	27,621	31,770	31,745	31,837	32,025	31,932	31,316	32,664	286,557
Premium - GEMT	151,476	120,067	136,547	136,681	137,134	137,832	137,816	135,165	140,709	1,233,427
Premium - Distinct Part Nursing Facility	1,259	1,293	1,251	1,227	1,206	1,232	1,194	1,169	1,247	11,078
Other	112	114	115	110	106	112	135	124	159	1,088
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,799,459</b>	<b>35,786,816</b>	<b>37,530,381</b>	<b>37,663,190</b>	<b>37,785,856</b>	<b>38,017,497</b>	<b>38,111,261</b>	<b>37,719,991</b>	<b>38,572,848</b>	<b>339,987,300</b>

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	September	Budget	Variance	Year to Date	Budget	Variance
<b>Physician Services</b>						
Primary Care Physician Services	10,189,013	8,193,122	(1,995,891)	80,620,611	73,340,230	(7,280,380)
Referral Specialty Services	22,742,517	24,966,988	2,224,471	236,689,666	223,922,716	(12,766,950)
Urgent Care & After Hours Advice	2,835,055	3,840,210	1,005,154	28,861,118	34,370,512	5,509,394
Hospital Admitting Team	9,000	9,000	-	81,900	81,900	-
<b>Total Physician Services</b>	<b>35,775,586</b>	<b>37,009,320</b>	<b>1,233,734</b>	<b>346,253,294</b>	<b>331,715,358</b>	<b>(14,537,936)</b>
<b>Other Professional Services</b>						
Vision Service Capitation	345,490	366,300	20,810	3,098,633	3,280,500	181,867
221 - Business Intelligence	211,041	193,933	(17,108)	1,771,096	1,740,147	(30,949)
223 - Enterprise Configuration	129,610	135,508	5,897	1,178,084	1,215,903	37,819
310 - Health Services - Utilization Management	881,480	779,087	(102,393)	6,971,365	6,990,702	19,337
311 - Health Services - Quality Improvement	261,284	287,522	26,239	2,181,600	2,579,922	398,322
312 - Health Services Education	352,281	358,178	5,896	2,928,212	3,213,911	285,699
313 - Pharmacy	127,755	128,523	768	1,087,384	1,153,227	65,843
314 - Enhanced Care Management	441,586	397,503	(44,083)	3,552,491	3,566,769	14,278
316 - Population Health Management	575,146	613,637	38,491	4,795,023	5,506,134	711,112
317 - In Lieu of Services	137,205	130,863	(6,341)	1,182,654	1,174,230	(8,424)
321 - Homeless Management Information Services	24,334	42,781	18,447	222,086	383,873	161,787
330 - Member Services	1,106,665	1,092,577	(14,089)	9,432,938	9,803,629	370,692
331 - Member Outreach	96,102	253,463	157,361	795,143	2,274,310	1,479,166
410 - Member Engagement	58,621	106,100	47,479	514,485	952,028	437,542
601 - Behavioral Health	153,441	177,825	24,383	1,360,833	1,595,612	234,779
602 - Quality & Health Equity	84,617	82,525	(2,092)	711,794	740,491	28,696
605 - Quality Performance	157,585	187,793	30,208	1,371,460	1,685,058	313,598
Behavior Health Treatment	3,550,384	2,844,989	(705,395)	31,610,371	25,482,535	(6,127,835)
Mental Health Services	729,471	680,927	(48,545)	5,619,268	6,113,134	493,866
Other Professional Services	2,155,116	2,050,247	(104,869)	19,550,868	18,383,414	(1,167,453)
<b>Total Other Professional Services</b>	<b>11,579,214</b>	<b>10,910,279</b>	<b>(668,936)</b>	<b>99,935,788</b>	<b>97,835,528</b>	<b>(2,100,260)</b>
Emergency Room	6,861,936	6,840,414	(21,522)	60,183,348	61,285,474	1,102,127
Inpatient Hospital	33,479,870	34,114,570	634,701	312,933,424	306,210,887	(6,722,537)
Reinsurance Expense Premium	262,754	275,888	13,134	2,363,216	2,470,204	106,988
Outpatient Hospital	17,115,477	15,482,951	(1,632,526)	140,592,063	139,002,158	(1,589,905)
<b>Other Medical</b>						
Ambulance and NEMT	5,936,856	5,062,384	(874,473)	55,833,087	45,474,354	(10,358,733)
Home Health Services & CBAS	1,728,134	1,320,524	(407,610)	13,827,274	11,874,825	(1,952,448)
Utilization and Quality Review Expenses	1,362,068	1,822,750	460,682	11,039,808	16,355,439	5,315,631
Long Term/SNF/Hospice	11,260,496	11,524,519	264,023	97,397,858	103,678,421	6,280,563
Provider Enhancement Expense - Prop. 56	1,778,220	1,661,698	(116,522)	16,221,819	13,387,108	(2,834,712)
Provider Enhancement Expense - GEMT	551,640	423,329	(128,312)	4,854,560	5,283,563	429,003
Enhanced Care Management	4,330,252	4,337,480	7,228	47,938,106	38,914,626	(9,023,480)
Community Support Services	3,111,631	-	(3,111,631)	37,859,678	-	(37,859,678)
Major Organ Transplant	533,878	953,893	420,014	4,873,452	8,568,413	3,694,960
Cal AIM Incentive Programs	-	-	-	1,503,032	-	(1,503,032)
Student Behavioral Health Incentive	1,318,248	-	(1,318,248)	1,318,248	-	(1,318,248)
Housing and Homelessness Incentive	-	-	-	1,325,000	-	(1,325,000)
Distinct Part Nursing Facility Expense	1,247	-	(1,247)	11,078	-	(11,078)
DME/Rebates	2,191,326	1,992,456	(198,870)	20,331,412	17,887,478	(2,443,934)
<b>Total Other Medical</b>	<b>34,103,997</b>	<b>29,099,032</b>	<b>(5,004,965)</b>	<b>314,334,413</b>	<b>261,424,227</b>	<b>(52,910,186)</b>
Pay for Performance Quality Incentive	603,107	610,496	7,390	5,557,818	5,467,521	(90,297)
Risk Corridor Expense	1,591,081	-	(1,591,081)	1,591,081	-	(1,591,081)
Hospital Directed Payments	58,296,817	24,465,695	(33,831,122)	529,481,617	219,481,225	(310,000,393)
Hospital Directed Payment Adjustment	(53,406)	-	53,406	57,314,079	-	(57,314,079)
Non-Claims Expense Adjustment	1,413,996	-	(1,413,996)	(15,231,689)	-	15,231,689
IBNR, Incentive, Paid Claims Adjustment	482,033	-	(482,033)	(224,878)	-	224,878
<b>Total Medical Costs</b>	<b>201,512,462</b>	<b>158,808,646</b>	<b>(42,703,815)</b>	<b>1,855,083,573</b>	<b>1,424,892,581</b>	<b>(430,190,992)</b>

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	September	Budget	Variance
TOTAL MEMBERS - MCAL	401,037	407,000	(5,963)
Physician Services			
Primary Care Physician Services	25.41	20.13	(5.28)
Referral Specialty Services	56.71	61.34	4.63
Urgent Care & After Hours Advice	7.07	9.44	2.37
Hospital Admitting Team	0.02	0.02	(0.00)
Total Physician Services	89.21	90.93	1.72
Other Professional Services			
Vision Service Capitation	0.86	0.90	0.04
221 - Business Intelligence	0.53	0.48	(0.05)
223 - Enterprise Configuration	0.32	0.33	0.01
310 - Health Services - Utilization Management	2.20	1.91	(0.28)
311 - Health Services - Quality Improvement	0.65	0.71	0.05
312 - Health Services Education	0.88	0.88	0.00
313 - Pharmacy	0.32	0.32	(0.00)
314 - Enhanced Care Management	1.10	0.98	(0.12)
316 - Population Health Management	1.43	1.51	0.07
317 - In Lieu of Services	0.34	0.32	(0.02)
321 - Homeless Management Information Services	0.06	0.11	0.04
330 - Member Services	2.76	2.68	(0.08)
331 - Member Outreach	0.24	0.62	0.38
410 - Member Engagement	0.15	0.26	0.11
601 - Behavioral Health	0.38	0.44	0.05
602 - Quality & Health Equity	0.21	0.20	(0.01)
605 - Quality Performance	0.39	0.46	0.07
Behavior Health Treatment	8.85	6.99	(1.86)
Mental Health Services	1.82	1.67	(0.15)
Other Professional Services	5.37	5.04	(0.34)
Total Other Professional Services	28.87	26.81	(2.07)
Emergency Room	17.11	16.81	(0.30)
Inpatient Hospital	83.48	83.82	0.34
Reinsurance Expense Premium	0.66	0.68	0.02
Outpatient Hospital	42.68	38.04	(4.64)
Other Medical			
Ambulance and NEMT	14.80	12.44	(2.37)
Home Health Services & CBAS	4.31	3.24	(1.06)
Utilization and Quality Review Expenses	3.40	4.48	1.08
Long Term/SNF/Hospice	28.08	28.32	0.24
Provider Enhancement Expense - Prop. 56	4.43	4.08	(0.35)
Provider Enhancement Expense - GEMT	1.38	1.04	(0.34)
Enhanced Care Management	10.80	10.66	(0.14)
Community Support Services	7.76	-	(7.76)
Major Organ Transplant	1.33	2.34	1.01
Cal AIM Incentive Programs	-	-	-
Student Behavioral Health Incentive	3.29	-	(3.29)
Housing and Homelessness Incentive	-	-	-
Distinct Part Nursing Facility Expense	0.00	-	(0.00)
DME/Rebates	5.46	4.90	(0.57)
Total Other Medical	85.04	71.50	(13.54)
Pay for Performance Quality Incentive	1.50	1.50	(0.00)
Risk Corridor Expense	3.97	-	(3.97)
Hospital Directed Payments	145.37	60.11	(85.25)
Hospital Directed Payment Adjustment	(0.13)	-	0.13
Non-Claims Expense Adjustment	3.53	-	(3.53)
IBNR, Incentive, Paid Claims Adjustment	1.20	-	(1.20)
Total Medical Costs	502.48	390.19	(112.29)

Year to Date	Budget	Variance
3,637,511	3,645,000	(7,489)
22.16	20.12	(2.04)
65.07	61.43	(3.64)
7.93	9.43	1.50
0.02	0.02	(0.00)
95.19	91.01	(4.18)
0.85	0.90	0.05
0.49	0.48	(0.01)
0.32	0.33	0.01
1.92	1.92	0.00
0.60	0.71	0.11
0.81	0.88	0.08
0.30	0.32	0.02
0.98	0.98	0.00
1.32	1.51	0.19
0.33	0.32	(0.00)
0.06	0.11	0.04
2.59	2.69	0.10
0.22	0.62	0.41
0.14	0.26	0.12
0.37	0.44	0.06
0.20	0.20	0.01
0.38	0.46	0.09
8.69	6.99	(1.70)
1.54	1.68	0.13
5.37	5.04	(0.33)
27.47	26.84	(0.63)
16.55	16.81	0.27
86.03	84.01	(2.02)
0.65	0.68	0.03
38.65	38.14	(0.52)
15.35	12.48	(2.87)
3.80	3.26	(0.54)
3.03	4.49	1.45
26.78	28.44	1.67
4.46	3.67	(0.79)
1.33	1.45	0.11
13.18	10.68	(2.50)
10.41	-	(10.41)
1.34	2.35	1.01
0.41	-	(0.41)
0.36	-	(0.36)
0.36	-	(0.36)
0.00	-	(0.00)
5.59	4.91	(0.68)
86.41	71.72	(14.69)
1.53	1.50	(0.03)
0.44	-	(0.44)
145.56	60.21	(85.35)
15.76	-	(15.76)
(4.19)	-	4.19
(0.06)	-	0.06
509.99	390.92	(119.07)

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	January	February	March	April	May	June	July	August	September	Year to Date
<b>Physician Services</b>										
Primary Care Physician Services	6,633,777	10,235,649	8,511,088	8,021,079	8,209,102	10,026,387	9,216,722	9,577,793	10,189,013	80,620,611
Referral Specialty Services	25,541,006	24,175,932	26,067,518	27,364,943	29,514,962	29,048,662	25,977,509	26,256,618	22,742,517	236,689,666
Urgent Care & After Hours Advice	3,948,407	4,291,828	4,106,619	3,623,145	1,686,319	3,028,060	2,934,095	2,407,589	2,835,055	28,861,118
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	81,900
<b>Total Physician Services</b>	<b>36,132,491</b>	<b>38,711,809</b>	<b>38,694,525</b>	<b>39,018,167</b>	<b>39,419,683</b>	<b>42,112,109</b>	<b>38,137,625</b>	<b>38,251,300</b>	<b>35,775,586</b>	<b>346,253,294</b>
<b>Other Professional Services</b>										
Vision Service Capitation	344,606	343,774	343,775	345,653	344,127	343,908	342,449	344,852	345,490	3,098,633
221 - Business Intelligence	211,963	188,504	191,787	186,842	193,999	194,435	203,605	188,920	211,041	1,771,096
223 - Enterprise Configuration	142,213	117,289	130,628	128,689	138,241	135,954	137,093	118,366	129,610	1,178,084
310 - Health Services - Utilization Management	826,640	762,266	757,294	734,148	748,550	710,325	791,938	758,725	881,480	6,971,365
311 - Health Services - Quality Improvement	306,121	220,471	220,433	238,693	248,061	241,982	228,544	216,012	261,284	2,181,600
312 - Health Services Education	321,705	307,110	316,293	312,444	315,011	323,825	333,163	346,379	352,281	2,928,212
313 - Pharmacy	140,301	111,951	115,447	113,186	123,215	119,553	113,809	122,168	127,755	1,087,384
314 - Enhanced Care Management	411,824	347,498	371,602	395,870	390,150	390,990	411,433	391,539	441,586	3,552,491
316 - Population Health Management	593,720	502,067	520,999	496,916	507,502	519,902	565,114	513,656	575,146	4,795,023
317 - In Lieu of Services	134,223	120,595	127,368	125,560	133,141	134,784	133,606	136,171	137,205	1,182,654
321 - Homeless Management Information Services	44,251	23,122	20,283	21,008	21,840	22,122	23,226	21,901	24,334	222,086
330 - Member Services	1,080,746	1,029,669	1,011,284	1,016,232	1,067,629	1,025,969	1,061,079	1,033,664	1,106,665	9,432,938
331 - Member Outreach	83,414	78,217	82,465	117,142	86,498	86,260	84,852	80,192	96,102	795,143
410 - Member Engagement	59,841	54,424	57,455	57,181	58,977	57,105	55,111	55,771	58,621	514,485
601 - Behavioral Health	170,807	146,523	140,152	147,490	160,019	150,152	158,413	133,836	153,441	1,360,833
602 - Quality & Health Equity	82,237	78,819	78,678	79,984	78,183	73,359	83,714	72,204	84,617	711,794
605 - Quality Performance	154,331	142,203	160,748	156,090	148,645	139,390	141,810	170,657	157,585	1,371,460
Behavior Health Treatment	3,181,908	3,355,677	2,493,778	3,786,771	2,901,828	3,914,355	3,582,170	4,843,499	3,550,384	31,610,371
Mental Health Services	974,251	506,210	300,821	550,412	609,128	555,723	703,273	689,979	729,471	5,619,268
Other Professional Services	2,180,697	1,568,304	2,126,040	2,241,884	2,418,598	2,383,070	1,958,620	2,518,539	2,155,116	19,550,868
<b>Total Other Professional Services</b>	<b>11,445,798</b>	<b>10,004,694</b>	<b>9,567,330</b>	<b>11,252,193</b>	<b>10,693,341</b>	<b>11,523,165</b>	<b>11,113,022</b>	<b>12,757,030</b>	<b>11,579,214</b>	<b>99,935,788</b>
Emergency Room	7,289,728	6,508,981	6,225,711	6,330,730	7,074,183	7,003,225	6,580,865	6,307,989	6,861,936	60,183,348
Inpatient Hospital	33,857,875	31,406,220	33,213,126	33,714,646	39,326,548	39,527,275	34,361,371	34,046,492	33,479,870	312,933,424
Reinsurance Expense Premium	269,619	269,619	269,619	240,829	271,713	255,781	260,984	262,299	262,754	2,363,216
Outpatient Hospital	16,019,765	15,697,949	14,487,044	16,762,573	14,357,942	15,379,229	15,553,674	15,218,411	17,115,477	140,592,063
<b>Other Medical</b>										
Ambulance and NEMT	5,965,805	7,090,416	6,724,343	5,827,057	6,396,406	6,536,276	5,807,437	5,548,491	5,936,856	55,833,087
Home Health Services & CBAS	1,636,266	1,531,236	1,185,227	1,395,613	1,130,422	1,646,789	1,686,511	1,887,076	1,728,134	13,827,274
Utilization and Quality Review Expenses	936,126	930,163	1,665,464	773,340	1,444,299	972,636	1,266,051	1,689,659	1,362,068	11,039,808
Long Term/SNF/Hospice	10,523,545	10,822,106	9,460,426	10,684,436	10,165,912	11,159,610	10,761,685	12,559,642	11,260,496	97,397,858
Provider Enhancement Expense - Prop. 56	1,801,039	1,803,328	1,805,739	1,809,345	1,813,309	1,805,939	1,807,377	1,797,523	1,778,220	16,221,819
Provider Enhancement Expense - GEMT	549,430	519,819	534,888	534,592	534,661	536,894	537,034	555,602	551,640	4,854,560
Enhanced Care Management	5,134,027	5,521,997	5,331,279	5,330,372	5,331,053	5,352,687	6,587,375	5,019,062	4,330,252	47,938,106
Community Support Services	590,845	3,824,743	4,662,690	6,140,445	5,298,573	6,510,178	4,917,304	2,803,270	3,111,631	37,859,678
Major Organ Transplant	542,452	574,592	534,775	537,237	541,047	533,290	731,538	344,643	533,878	4,873,452
Cal AIM Incentive Programs	275,000	188,015	390,633	125,018	90,000	-	434,367	-	-	1,503,032
Student Behavioral Health Incentive	-	-	-	-	-	-	-	-	1,318,248	1,318,248
Housing and Homelessness Incentive	-	-	-	-	-	200,000	1,125,000	-	-	1,325,000
Distinct Part Nursing Facility Expense	1,259	1,293	1,251	1,227	1,206	1,232	1,194	1,169	1,247	11,078
DME/Rebates	2,339,823	1,958,689	1,991,312	2,331,626	2,136,985	2,389,588	2,491,164	2,500,899	2,191,326	20,331,412
<b>Total Other Medical</b>	<b>30,295,617</b>	<b>34,766,397</b>	<b>34,288,028</b>	<b>35,490,308</b>	<b>34,883,873</b>	<b>37,645,117</b>	<b>38,154,038</b>	<b>34,707,037</b>	<b>34,103,997</b>	<b>314,334,413</b>
Pay for Performance Quality Incentive	606,662	608,318	607,800	607,349	605,835	707,199	608,444	603,107	603,107	5,557,818
Risk Corridor Expense	-	-	-	-	-	-	-	-	-	1,591,081
Hospital Directed Payments	59,831,392	58,045,936	58,943,903	58,897,348	58,890,354	59,075,312	59,035,880	58,464,674	58,296,817	529,481,617
Hospital Directed Payment Adjustment	103,134,648	1,953,159	15,484	111,948	1,098,088	(37,127)	4,261,156	(53,169,871)	(53,406)	57,314,079
Non-Claims Expense Adjustment	(350,170)	(2,753,743)	(3,382,901)	(1,877)	(10,262,733)	(283)	99,601	6,421	1,413,996	(15,231,689)
IBNR, Incentive, Paid Claims Adjustment	388,615	248,637	21,094	(2,667,286)	(37,610)	(826,300)	822,578	1,343,361	482,033	(224,878)
<b>Total Medical Costs</b>	<b>298,922,038</b>	<b>195,467,975</b>	<b>192,950,763</b>	<b>199,756,928</b>	<b>196,321,218</b>	<b>212,364,700</b>	<b>208,989,239</b>	<b>148,798,250</b>	<b>201,512,462</b>	<b>1,855,083,573</b>

MEDI-CAL  
SCHEDULE OF MEDICAL COSTS - ALL COA  
FOR THE MONTH ENDED SEPTEMBER 30, 2025



	January	February	March	April	May	June	July	August	September	Year to Date
<b>Physician Services</b>										
Primary Care Physician Services	16.40	25.24	21.00	19.81	20.33	24.77	22.72	23.82	25.41	22.16
Referral Specialty Services	63.15	59.61	64.33	67.58	73.08	71.76	64.04	65.30	56.71	65.07
Urgent Care & After Hours Advice	9.76	10.58	10.13	8.95	4.18	7.48	7.23	5.99	7.07	7.93
Hospital Admitting Team	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>89.34</b>	<b>95.46</b>	<b>95.49</b>	<b>96.37</b>	<b>97.60</b>	<b>104.03</b>	<b>94.02</b>	<b>95.14</b>	<b>89.21</b>	<b>95.19</b>
<b>Other Professional Services</b>										
Vision Service Capitation	0.85	0.85	0.85	0.85	0.85	0.85	0.84	0.86	0.86	0.85
221 - Business Intelligence	0.52	0.46	0.47	0.46	0.48	0.48	0.50	0.47	0.53	0.49
223 - Enterprise Configuration	0.35	0.29	0.32	0.32	0.34	0.34	0.34	0.29	0.32	0.32
310 - Health Services - Utilization Management	2.04	1.88	1.87	1.81	1.85	1.75	1.95	1.89	2.20	1.92
311 - Health Services - Quality Improvement	0.76	0.54	0.54	0.59	0.61	0.60	0.56	0.54	0.65	0.60
312 - Health Services Education	0.80	0.76	0.78	0.77	0.78	0.80	0.82	0.86	0.88	0.81
313 - Pharmacy	0.35	0.28	0.28	0.28	0.31	0.30	0.28	0.30	0.32	0.30
314 - Enhanced Care Management	1.02	0.86	0.92	0.98	0.97	0.97	1.01	0.97	1.10	0.98
316 - Population Health Management	1.47	1.24	1.29	1.23	1.26	1.28	1.39	1.28	1.43	1.32
317 - In Lieu of Services	0.33	0.30	0.31	0.31	0.33	0.33	0.33	0.34	0.34	0.33
321 - Homeless Management Information Services	0.11	0.06	0.05	0.05	0.05	0.05	0.06	0.05	0.06	0.06
330 - Member Services	2.67	2.54	2.50	2.51	2.64	2.53	2.62	2.57	2.76	2.59
331 - Member Outreach	0.21	0.19	0.20	0.29	0.21	0.21	0.21	0.20	0.24	0.22
410 - Member Engagement	0.15	0.13	0.14	0.14	0.15	0.14	0.14	0.14	0.15	0.14
601 - Behavioral Health	0.42	0.36	0.35	0.36	0.40	0.37	0.39	0.33	0.38	0.37
602 - Quality & Health Equity	0.20	0.19	0.19	0.20	0.19	0.18	0.21	0.18	0.21	0.20
605 - Quality Performance	0.38	0.35	0.40	0.39	0.37	0.34	0.35	0.42	0.39	0.38
Behavior Health Treatment	7.87	8.27	6.15	9.35	7.18	9.67	8.83	12.05	8.85	8.69
Mental Health Services	2.41	1.25	0.74	1.36	1.51	1.37	1.73	1.72	1.82	1.54
Other Professional Services	5.39	3.87	5.25	5.54	5.99	5.89	4.83	6.26	5.37	5.37
<b>Total Other Professional Services</b>	<b>28.30</b>	<b>24.67</b>	<b>23.61</b>	<b>27.79</b>	<b>26.48</b>	<b>28.47</b>	<b>27.40</b>	<b>31.73</b>	<b>28.87</b>	<b>27.47</b>
Emergency Room	18.02	16.05	15.36	15.64	17.52	17.30	16.22	15.69	17.11	16.55
Inpatient Hospital	83.72	77.44	81.97	83.27	97.37	97.65	84.71	84.68	83.48	86.03
Reinsurance Expense Premium	0.67	0.66	0.67	0.59	0.67	0.63	0.64	0.65	0.66	0.65
Outpatient Hospital	39.61	38.71	35.75	41.40	35.55	37.99	38.34	37.85	42.68	38.65
<b>Other Medical</b>										
Ambulance and NEMT	14.75	17.48	16.60	14.39	15.84	16.15	14.32	13.80	14.80	15.35
Home Health Services & CBAS	4.05	3.78	2.93	3.45	2.80	4.07	4.16	4.69	4.31	3.80
Utilization and Quality Review Expenses	2.31	2.29	4.11	1.91	3.58	2.40	3.12	4.20	3.40	3.03
Long Term/SNF/Hospice	26.02	26.69	23.35	26.39	25.17	27.57	26.53	31.24	28.08	26.78
Provider Enhancement Expense - Prop. 56	4.45	4.45	4.46	4.47	4.49	4.46	4.46	4.47	4.43	4.46
Provider Enhancement Expense - GEMT	1.36	1.28	1.32	1.32	1.32	1.33	1.32	1.38	1.38	1.33
Enhanced Care Management	12.69	13.62	13.16	13.16	13.20	13.22	16.24	12.48	10.80	13.18
Community Support Services	1.46	9.43	11.51	15.17	13.12	16.08	12.12	6.97	7.76	10.41
Major Organ Transplant	1.34	1.42	1.32	1.33	1.34	1.32	1.80	0.86	1.33	1.34
Cal AIM Incentive Programs	0.68	0.46	0.96	0.31	0.22	-	1.07	-	-	0.41
Student Behavioral Health Incentive	-	-	-	-	-	-	-	-	3.29	0.36
Housing and Homelessness Incentive	-	-	-	-	-	0.49	2.77	-	-	0.36
Distinct Part Nursing Facility Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DME	5.79	4.83	4.91	5.76	5.29	5.90	6.14	6.22	5.46	5.59
<b>Total Other Medical</b>	<b>74.91</b>	<b>85.73</b>	<b>84.62</b>	<b>87.65</b>	<b>86.37</b>	<b>93.00</b>	<b>94.06</b>	<b>86.32</b>	<b>85.04</b>	<b>86.41</b>
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.75	1.50	1.50	1.50	1.53
Risk Corridor Expense	-	-	-	-	-	-	-	-	-	0.44
Hospital Directed Payments	147.94	143.13	145.47	145.46	145.81	145.94	145.54	145.41	145.37	145.56
Hospital Directed Payment Adjustment	255.01	4.82	0.04	0.28	2.72	(0.09)	10.51	(132.24)	(0.13)	15.76
Non-Claims Expense Adjustment	(0.87)	(6.79)	(8.35)	(0.00)	(25.41)	(0.00)	0.25	0.02	3.53	(4.19)
IBNR, Incentive, Paid Claims Adjustment	0.96	0.61	0.05	(6.59)	(0.09)	(2.04)	2.03	3.34	1.20	(0.06)
<b>Total Medical Costs</b>	<b>739.10</b>	<b>481.99</b>	<b>476.19</b>	<b>493.35</b>	<b>486.08</b>	<b>524.62</b>	<b>515.22</b>	<b>370.08</b>	<b>502.48</b>	<b>509.99</b>



**MEDI-CAL**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT**  
**FOR THE MONTH ENDED SEPTEMBER 30, 2025**



	September	Budget	Variance	Year to Date	Budget	Variance
110 - Executive	739,099	650,390	(88,709)	5,679,728	5,853,513	173,784
112 - Government Relations	61,783	62,942	1,158	496,607	566,477	69,870
210 - Accounting	363,072	370,068	6,995	3,154,070	3,330,608	176,538
220 - Management Information Systems (MIS)	286,783	508,775	221,992	2,823,509	4,578,971	1,755,461
221 - Business Intelligence	214,200	246,484	32,284	3,557,389	2,218,357	(1,339,032)
222 - MIS Development	488,230	515,722	27,493	4,840,425	4,641,502	(198,923)
223 - Enterprise Configuration	302,450	322,452	20,002	2,265,071	2,902,064	636,993
224 - Cyber Security	133,671	43,744	(89,927)	546,403	393,693	(152,710)
225 - Infrastructure	815,232	1,140,153	324,920	7,151,295	10,261,375	3,110,080
226 - Technical Administrative Services	(37,555)	94,102	131,657	566,548	846,921	280,373
230 - Claims	810,304	823,338	13,034	8,763,546	7,410,035	(1,353,511)
240 - Project Development	328,707	216,007	(112,700)	1,928,008	1,944,062	16,054
310 - Health Services - Utilization Management	50,160	50,148	(13)	459,775	451,329	(8,447)
311 - Health Services - Quality Improvement	8,357	11,596	3,239	71,120	104,360	33,240
312 - Health Services - Education	(0)	648	648	415	5,835	5,420
313 - Pharmacy	(0)	11,450	11,450	32,219	103,050	70,831
314 - Enhanced Care Management	23,216	22,583	(633)	222,853	203,244	(19,610)
316 - Population Health Management	0	2,454	2,454	1,372	22,087	20,716
317 - Community Support Services	24,336	3,150	(21,186)	52,217	28,353	(23,864)
320 - Provider Network Management	275,617	326,776	51,159	2,494,146	2,940,987	446,841
321 - Homeless Management Information Serv	91	1,854	1,763	1,281	16,687	15,406
322 - Delegation & Oversight	24,090	30,422	6,331	257,480	273,795	16,315
330 - Member Services	168,633	229,307	60,674	1,601,374	2,063,787	462,413
340 - Corporate Services	963,014	1,128,044	165,031	8,069,304	10,152,400	2,083,096
360 - Audit & Investigative Services	314,342	306,189	(8,153)	2,670,880	2,755,701	84,821
410 - Member Engagement	65,372	62,873	(2,499)	582,988	565,860	(17,128)
420 - Sales/Marketing/Public Relations	190,630	329,532	138,902	2,348,037	2,965,785	617,748
510 - Human Resources	368,921	460,498	91,576	4,098,954	4,144,478	45,524
520 - Legal	32,629	122,824	90,195	612,150	1,105,412	493,262
601 - Behavioral Health	0	3,350	3,350	16,722	30,150	13,428
602 - Quality & Health Equity	11,529	35,573	24,044	163,395	320,157	156,762
604 - Clinical Operations, Strategy & Analytics	-	-	-	0	-	(0)
605 - Quality Performance	194,177	116,048	(78,129)	1,720,311	1,044,434	(675,877)
Administrative Expense Adjustment	-	200,000	200,000	1,053,608	1,800,000	746,392
<b>Total Administrative Expenses</b>	<b>7,221,090</b>	<b>8,449,494</b>	<b>1,228,404</b>	<b>68,303,201</b>	<b>76,045,468</b>	<b>7,742,267</b>



**MEDI-CAL  
SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT  
FOR THE MONTH ENDED SEPTEMBER 30, 2025**

	January	February	March	April	May	June	July	August	September	YTD TOTALS
110 - Executive	682,639	453,118	564,215	590,083	706,155	707,525	649,999	586,896	739,099	5,679,728
112 - Government Relations	64,745	54,023	53,593	52,753	52,122	50,607	51,463	55,517	61,783	496,607
210 - Accounting	373,730	270,170	370,641	425,988	328,977	293,602	385,487	342,404	363,072	3,154,070
220 - Management Information Systems (MIS)	354,906	282,955	322,843	190,927	363,642	398,515	331,263	291,676	286,783	2,823,509
221 - Business Intelligence	288,258	333,566	445,959	820,670	390,607	(16,886)	564,816	516,199	214,200	3,557,389
222 - MIS Development	390,138	339,566	481,800	492,554	674,896	841,641	568,876	562,724	488,230	4,840,425
223 - Enterprise Configuration	233,790	188,775	205,405	192,961	272,681	361,934	238,908	268,167	302,450	2,265,071
224 - Cyber Security	31,621	51,523	39,996	64,290	59,425	41,757	47,881	76,238	133,671	546,403
225 - Infrastructure	767,910	644,388	845,020	1,162,292	828,314	698,614	748,388	641,138	815,232	7,151,295
226 - Technical Administrative Services	70,628	64,258	67,549	47,750	79,438	79,715	98,333	96,432	(37,555)	566,548
230 - Claims	885,033	986,246	941,807	907,411	964,739	875,316	1,599,045	793,646	810,304	8,763,546
240 - Project Development	214,035	237,465	220,963	149,624	421,861	297,080	245,517	(187,245)	328,707	1,928,008
310 - Health Services - Utilization Management	30,019	52,541	40,446	52,147	64,953	50,249	64,004	55,256	50,160	459,775
311 - Health Services - Quality Improvement	(15,100)	31,947	7,052	8,308	8,591	7,744	7,312	6,911	8,357	71,120
312 - Health Services - Education	-	-	-	-	-	246	(0)	169	(0)	415
313 - Pharmacy	10,795	10,500	10,500	357	(0)	67	(0)	0	(0)	32,219
314 - Enhanced Care Management	18,954	44,579	20,337	23,983	22,006	27,607	19,956	22,214	23,216	222,853
316 - Population Health Management	103	-	-	1,030	48	5	0	186	0	1,372
317 - Community Support Services	-	-	883	-	0	1,310	(0)	25,688	24,336	52,217
320 - Provider Network Management	297,212	274,630	285,138	289,369	327,952	266,832	289,066	188,330	275,617	2,494,146
321 - Homeless Management Information Serv	73	-	54	1,964	-	(901)	(0)	-	91	1,281
322 - Delegation & Oversight	50,538	1,369	26,376	45,370	45,974	36,047	(3,994)	31,710	24,090	257,480
330 - Member Services	174,446	228,649	118,453	159,275	190,289	178,853	180,533	202,243	168,633	1,601,374
340 - Corporate Services	1,085,693	680,455	851,850	876,263	885,564	887,141	932,377	906,946	963,014	8,069,304
360 - Audit & Investigative Services	286,424	338,436	269,614	283,804	324,297	279,420	315,648	258,896	314,342	2,670,880
410 - Member Engagement	67,809	62,520	64,681	66,137	67,561	62,705	62,404	63,798	65,372	582,988
420 - Sales/Marketing/Public Relations	139,774	226,357	228,233	118,236	308,542	369,105	630,980	136,181	190,630	2,348,037
510 - Human Resources	727,474	317,319	475,133	432,281	477,233	428,938	427,918	443,736	368,921	4,098,954
520 - Legal	35,231	100,899	142,724	118,635	47,741	53,469	46,903	33,920	32,629	612,150
601 - Behavioral Health	307	200	(0)	76	15,950	(0)	188	-	0	16,722
602 - Quality & Health Equity	10,624	9,938	10,083	72,665	10,603	14,026	14,276	9,651	11,529	163,395
604 - Clinical Operations, Strategy & Analytics	-	-	-	-	-	-	-	0	-	0
605 - Quality Performance	212,721	179,458	198,076	193,987	183,516	171,252	176,086	211,038	194,177	1,720,311
Administrative Expense Adjustment	202,969	198,773	375,177	160,116	69,345	47,536	(308)	-	-	1,053,608
<b>Total Administrative Expenses</b>	<b>7,693,499</b>	<b>6,664,623</b>	<b>7,684,602</b>	<b>8,001,306</b>	<b>8,193,021</b>	<b>7,511,070</b>	<b>8,693,325</b>	<b>6,640,664</b>	<b>7,221,090</b>	<b>68,303,201</b>

**KHS - GROUP HEALTH PLAN  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2025**



<b>ASSETS</b>	<b>September 2025</b>	<b>August 2025</b>	<b>Increase/ (Decrease)</b>
Cash and Cash Equivalents	1,275,807	1,274,847	960
Interest Receivable	13,853	9,000	4,853
Other Receivable	125	125	-
<b>Total Current Assets</b>	<b>1,289,784</b>	<b>1,283,972</b>	<b>5,813</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	1,245,606	-
Increase (Decrease) in Net Position - Current Year	44,178	38,366	5,813
<b>Total Net Position</b>	<b>1,289,784</b>	<b>1,283,972</b>	<b>5,813</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>1,289,784</b>	<b>1,283,972</b>	<b>5,813</b>



KHS - GROUP HEALTH PLAN  
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
 IN NET POSITION  
 FOR THE MONTH ENDED SEPTEMBER 30, 2025

	September	Budget	Variance	Year to Date	Budget	Variance
<b>REVENUES</b>						
Premium	-	-	-	-	-	-
Interest	4,853	-	4,853	41,268	-	41,268
Other Investment Income	960	-	960	2,911	-	2,911
Total Revenues	5,813	-	5,813	44,178	-	44,178
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
IBNR and Paid Claims Adjustment	-	-	-	-	-	-
Total Medical Costs	-	-	-	-	-	-
GROSS MARGIN	5,813	-	5,813	44,178	-	44,178
<b>ADMINISTRATIVE COSTS</b>						
Management Fee Expense and Other Admin Exp	-	-	-	-	-	-
Total Administrative Expenses	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-
OPERATING INCOME (LOSS) BEFORE TAX	5,813	-	5,813	44,178	-	44,178
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	-	-	-	-	-	-
NET INCREASE (DECREASE) IN NET POSITION	5,813	-	5,813	44,178	-	44,178
MEDICAL LOSS RATIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ADMINISTRATIVE EXPENSE RATIO	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**KERN HEALTH SYSTEMS**  
**MONTHLY MEMBERS COUNT**

MEDI-CAL		2025 MEMBER MONTHS	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)	667,758	74,604	74,605	74,309	74,397	74,422	74,237	74,479	73,525	73,180	0	0	0	
CHILD	1,501,499	167,252	167,669	167,854	167,367	165,950	166,463	166,724	166,226	165,994	0	0	0	
SUB-TOTAL ADULT & FAMILY	2,169,257	241,856	242,274	242,163	241,764	240,372	240,700	241,203	239,751	239,174	0	0	0	
OTHER MEMBERS														
FULL DUALS - FAMILY	4,753	566	526	545	541	533	534	510	494	504	0	0	0	
FULL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0	
SUBTOTAL OTHER MEMBERS	4,753	566	526	545	541	533	534	510	494	504	0	0	0	
TOTAL FAMILY		2,174,010	242,422	242,800	242,708	242,305	240,905	241,234	241,713	240,245	239,678	0	0	0
SPD MEMBERS														
SPD (AGED AND DISABLED)	187,827	23,226	18,391	20,998	21,034	20,905	20,961	20,698	20,780	20,834	0	0	0	
OTHER MEMBERS														
BCCTP - TABACCO SETTLEMENT	66	0	0	0	12	9	13	11	11	10	0	0	0	
FULL DUALS - BCCTP	17	2	1	2	2	2	2	2	2	2	0	0	0	
SPD FULL DUALS	230,364	23,272	27,695	25,425	25,375	25,671	25,597	25,812	25,590	25,927	0	0	0	
EXPANDION FULL DUALS	3,061	366	333	322	326	293	357	297	367	400	0	0	0	
LONG TERM CARE (LTC)														
LTC	460	48	52	54	52	52	46	49	51	56	0	0	0	
LTC DUALS	4,052	465	467	462	451	453	443	431	429	451	0	0	0	
TOTAL LTC	4,512	513	519	516	503	505	489	480	480	507	0	0	0	
TOTAL SPD		425,847	47,379	46,939	47,263	47,252	47,385	47,419	47,300	47,230	47,680	0	0	0
ACA OE - MEDI-CAL OPTIONAL EXPANSION														
ACA Expansion Adult-Citizen	1,037,654	114,640	115,806	115,229	115,342	115,600	116,146	116,616	114,596	113,679	0	0	0	
TOTAL EXPANSION	1,037,654	114,640	115,806	115,229	115,342	115,600	116,146	116,616	114,596	113,679	0	0	0	
TOTAL CLASSIC MEMBERS		3,637,511	404,441	405,545	405,200	404,899	403,890	404,799	405,629	402,071	401,037	0	0	0
GRAND TOTAL	3,637,511	404,441	405,545	405,200	404,899	403,890	404,799	405,629	402,071	401,037	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:** October 2025 Financial Results

**DATE:** December 12, 2025

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The October results reflect a \$7.4 million Net Decrease in Net Position which is a \$9.7 million unfavorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$32.5 million favorable variance primarily due to:
  - A) \$2.2 million unfavorable variance in Family Premium Revenue is primarily due to lower-than-expected budgeted membership.
  - B) \$2.2 million unfavorable variance in SPD Premium Revenues is 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 is less than the rate for members who have Part B only, however, Medicare will now become primary for medical expenses associated with the members having both Part A and Part
  - C) \$1.0 million favorable variance in Enhanced Care Management Premiums is primarily due to receiving updated rate information from DHCS after the approval of the 2025 Budget partially offset against amounts included in 2C (2) below.
  - D) \$33.4 million favorable variance in Premium-Hospital Directed Payments is primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2025 offset against amounts included in 2E below.
  - E) \$3.6 million favorable variance in Rate/Income Adjustments is primarily due to accruing the remaining 50% from the 2024 Quality Withhold Program. KHS was notified on November 4, 2025 that it earned 100% of the available \$7 million that was withheld. (During Calendar 2024 DHCS withheld .5% of all Managed Care Plans monthly revenue that was to be earned back upon meeting certain quality measures. This amount increased to 1% in 2025).
- 2) Total Medical Costs reflect a \$45.1 million unfavorable variance primarily due to:
  - A) \$1.4 million unfavorable variance in Other Professional Services is primarily due from higher-than-expected utilization of Autism services.
  - B) \$3.1 million unfavorable variance in Outpatient Hospital due to higher-than-expected utilization over the last several months.

C) \$5.9 million unfavorable variance in Other Medical primarily from:

- 1) \$.9 million unfavorable variance in Long Term Care expense primarily due to higher-than-expected utilization over the last several months.
- 2) \$.9 million unfavorable variance in Enhanced Care Management Expense is primarily due to receiving updated rate information from DHCS after the approval of the 2025 Budget partially offset against amounts included in 1C above.
- 3) \$3.1 million unfavorable variance in Community Support Services expenses due to higher-than-expected usage of program services over the last several months. **Medical necessity criteria have been refined to meet the State's updated requirements. The criteria and use of a risk stratification tool have helped to identify the most appropriate members for the services. This will reduce inappropriate utilization and unnecessary costs for these services.**

(A key feature of CalAIM was the introduction of Community Support Services, formerly referred to as In Lieu of Services (ILOS). Community Support Services are designed to help improve the overall health and well-being of Medi-Cal managed care plan (MCP) members by addressing the members' health-related social needs, helping the members live healthier lives, and avoiding higher, costlier levels of care. Services include support to secure and maintain housing, access to medically tailored meals to support short-term recovery, personal care, and a variety of other community-based services. The range of services and resources are designed to address the unique needs of Medi-Cal members in the community, with a focus on promoting health, stability, and independence. Members may receive a Community Supports Service if they meet the eligibility criteria and if the MCP determines it is a medically appropriate and cost-effective alternative to services covered under Medi-Cal) **The CY 2025 funding for these services has been inadequate with minimal savings in reducing medical expenses. After numerous conversations with DHCS, senior management believes that our CY 2026 funding for Community Support Services will be sufficient to continue to maintain all Community Supports Services programs.**

- D) \$1.1 million unfavorable variance in Risk Corridor Expense is primarily due from accruing a liability for the CY2025 UIS State-Only Risk Corridor specifically on the UIS Adult State-Only rate increments. Originally this corridor was intended for CY 2024 only, but DHCS extended for all of CY 2025. Since DHCS did not submit their intention to have this risk corridor extended in CY 2025 prospectively to CMS, federal eligible services are excluded, and the corridor applies to state-only services.
- E) \$33.4 million unfavorable variance in Hospital Directed Payments is primarily due to receiving updated rate information from DHCS on February 28, 2025 for Calendar Year 2024 offset against amounts included in 1D above.

The October Medical Loss Ratio is 99.7%, which is unfavorable to the 91.8% budgeted amount. The October Administrative Expense Ratio is 5.0%, which is favorable to the 5.8% budgeted amount.

The results for the 10 months ending October 31, 2025 reflect a Net Decrease in Net Position of \$32.3 million. This is a \$55.0 million unfavorable variance to the budget and includes approximately \$41.1million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 96.5%, which is unfavorable to the 91.8% budgeted amount. The year-to-date Administrative Expense Ratio is 5.2 % which is favorable to the 5.8% budgeted amount.



**Financial Packet  
October 2025**

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**MEDI-CAL  
STATEMENT OF NET POSITION  
AS OF OCTOBER 31, 2025**



ASSETS	October	September	Increase/ (Decrease)
Cash and Cash Equivalents	178,094,487	265,274,281	(87,179,794)
Short-Term Investments	181,679,372	185,813,714	(4,134,342)
Premiums Receivable	153,472,293	146,382,384	7,089,909
Premiums Receivable - MCO Tax	186,937,001	124,911,065	62,025,935
Premiums Receivable - Hospital Directed Payments	921,634,196	863,776,959	57,857,237
Interest Receivable	403,269	302,182	101,087
Provider Advance Payment	56,913	73,697	(16,783)
Other Receivables	35,339	1,991,982	(1,956,643)
Prepaid Expenses & Other Current Assets	7,665,017	7,577,870	87,147
<b>Total Current Assets</b>	<b>1,629,977,887</b>	<b>1,596,104,134</b>	<b>33,873,752</b>
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,010,498	1,038,098	(27,600)
Computer Equipment - Net	15,380,212	15,875,594	(495,383)
Building and Improvements - Net	32,279,152	32,358,096	(78,944)
Capital Projects In Process	2,789,771	2,746,752	43,019
<b>Total Capital Assets</b>	<b>55,550,340</b>	<b>56,109,248</b>	<b>(558,908)</b>
Restricted Assets	300,000	300,000	-
Life Insurance Receivables	4,286,966	4,286,966	-
SBITA Asset	8,875,096	8,875,096	-
<b>Total Long-Term Assets</b>	<b>13,462,062</b>	<b>13,462,062</b>	<b>-</b>
Deferred Outflow of Resources	10,107,348	8,565,202	1,542,146
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,709,097,636</b>	<b>1,674,240,646</b>	<b>34,856,990</b>
<b>CURRENT LIABILITIES</b>			
Accrued Salaries and Benefits	10,255,782	9,447,839	807,943
Accrued Other Operating Expenses	4,518,000	5,082,403	(564,403)
MCO Tax Payable	213,034,453	210,097,537	2,936,916
Claims Payable (Reported)	21,337,612	30,361,173	(9,023,561)
IBNR - Inpatient Claims	70,298,746	74,741,998	(4,443,252)
IBNR - Physician Claims	27,624,554	32,513,652	(4,889,098)
IBNR - Accrued Other Medical	35,189,383	36,888,143	(1,698,760)
Risk Pool and Withholds Payable	10,555,570	9,956,602	598,968
Allowance for Claims Processing Expense	4,821,903	4,821,903	-
Other Liabilities	67,464,229	64,152,063	3,312,167
SBITA Liability – Current portion	2,217,189	2,217,189	-
Accrued Hospital Directed Payments	921,926,214	866,712,504	55,213,710
<b>Total Current Liabilities</b>	<b>1,389,243,636</b>	<b>1,346,993,006</b>	<b>42,250,630</b>
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	13,001,788	13,001,788	-
SBITA Liability, net of current portion	5,491,541	5,491,541	-
<b>Total NonCurrent Liabilities</b>	<b>18,493,329</b>	<b>18,493,329</b>	<b>-</b>
Deferred Inflow of Resources	70,705	70,705	-
<b>NET POSITION:</b>			
Net Position at Beginning of Year	333,567,639	333,567,639	-
Increase (Decrease) in Net Position - Current Year	(32,277,672)	(24,884,033)	(7,393,640)
<b>Total Net Position</b>	<b>301,289,966</b>	<b>308,683,606</b>	<b>(7,393,640)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>1,709,097,636</b>	<b>1,674,240,646</b>	<b>34,856,990</b>



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



	October	Budget	Variance	Year to Date	Budget	Variance
Family Members	239,124	247,500	(8,376)	2,413,134	2,452,500	(39,366)
Expansion Members	113,666	113,000	666	1,151,320	1,130,000	21,320
SPD Members	47,556	47,000	556	473,403	470,000	3,403
Total Members - MCAL	400,346	407,500	(7,154)	4,037,857	4,052,500	(14,643)
<b>REVENUES</b>						
Medicaid - Family Members	55,244,699	55,856,550	(611,851)	549,045,638	553,487,633	(4,441,994)
Medicaid - Expansion Members	47,853,469	47,912,766	(59,297)	486,021,733	479,127,661	6,894,073
Medicaid - SPD Members	38,200,328	40,402,462	(2,202,134)	378,187,628	404,024,618	(25,836,990)
Premium - MCO Tax	59,136,301	60,305,925	(1,169,624)	591,363,012	599,729,475	(8,366,463)
Premium - Hospital Directed Payments	57,853,756	24,485,419	33,368,337	587,321,934	243,966,643	343,355,291
Investment Earnings And Other Income	1,550,024	2,005,271	(455,247)	20,209,998	19,984,941	225,057
Reinsurance Recoveries	268,618	276,243	(7,625)	5,094,567	2,746,447	2,348,120
Rate Adjustments - Hospital Directed Payments	5,813	-	5,813	56,599,902	-	56,599,902
Rate/Income Adjustments	3,600,845	-	3,600,845	27,405,890	-	27,405,890
Total Revenues	263,713,852	231,244,636	32,469,217	2,701,250,303	2,303,067,417	398,182,886
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	37,634,665	37,047,334	(587,330)	383,887,959	368,762,692	(15,125,267)
Other Professional Services	12,294,068	10,920,195	(1,373,873)	112,229,856	108,755,723	(3,474,132)
Emergency Room	6,401,699	6,848,143	446,444	66,585,046	68,133,617	1,548,571
Inpatient	34,291,026	34,137,355	(153,671)	347,224,450	340,348,242	(6,876,208)
Reinsurance Expense	258,815	276,243	17,429	2,622,031	2,746,447	124,417
Outpatient Hospital	18,608,145	15,492,518	(3,115,627)	159,200,209	154,494,676	(4,705,532)
Other Medical	35,048,550	29,112,006	(5,936,544)	349,382,963	290,536,233	(58,846,730)
Pay for Performance Quality Incentive	598,968	611,245	12,277	6,156,786	6,078,765	(78,020)
Risk Corridor Expense	1,117,618	-	(1,117,618)	2,708,699	-	(2,708,699)
Hospital Directed Payments	57,853,756	24,485,419	(33,368,337)	587,335,373	243,966,643	(343,368,730)
Hospital Directed Payment Adjustment	3,959	-	(3,959)	57,318,039	-	(57,318,039)
Non-Claims Expense Adjustment	(12,759)	-	12,759	(15,244,448)	-	15,244,448
IBNR, Incentive, Paid Claims Adjustment	(22,750)	-	22,750	(247,628)	-	247,628
Total Medical Costs	204,075,760	158,930,458	(45,145,301)	2,059,159,333	1,583,823,040	(475,336,293)
GROSS MARGIN	59,638,093	72,314,177	(12,676,084)	642,090,970	719,244,378	(77,153,407)
<b>ADMINISTRATIVE COSTS</b>						
Compensation	4,422,340	4,223,118	(199,222)	39,757,334	42,231,176	2,473,842
Purchased Services	1,571,884	2,343,143	771,259	20,361,006	23,431,427	3,070,421
Supplies	218,210	244,078	25,867	1,640,659	2,440,786	800,127
Depreciation	601,927	766,752	164,825	6,013,138	7,667,520	1,654,382
Other Administrative Expenses	462,693	672,404	209,711	6,754,509	6,724,052	(30,458)
Administrative Expense Adjustment	81,156	200,000	118,844	1,134,764	2,000,000	865,236
Total Administrative Expenses	7,358,211	8,449,494	1,091,284	75,661,411	84,494,962	8,833,550
TOTAL EXPENSES	211,433,970	167,379,953	(44,054,018)	2,134,820,744	1,668,318,001	(466,502,743)
OPERATING INCOME (LOSS) BEFORE TAX	52,279,882	63,864,683	(11,584,801)	566,429,559	634,749,416	(68,319,857)
MCO TAX	59,136,301	60,305,925	1,169,624	591,363,012	599,729,475	8,366,463
OPERATING INCOME (LOSS) NET OF TAX	(6,856,419)	3,558,758	(10,415,177)	(24,933,453)	35,019,941	(59,953,394)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(442,807)	(835,622)	392,816	(5,683,730)	(8,326,793)	2,643,063
D-SNP Expenses	(94,414)	(401,539)	307,125	(1,660,490)	(4,001,246)	2,340,756
Total Non-Operating Revenue (Expense)	(537,220)	(1,237,161)	699,941	(7,344,220)	(12,328,039)	4,983,819
NET INCREASE (DECREASE) IN NET POSITION	(7,393,640)	2,321,597	(9,715,236)	(32,277,672)	22,691,902	(54,969,575)
MEDICAL LOSS RATIO	99.7%	91.8%	-7.9%	96.5%	91.8%	-4.7%
ADMINISTRATIVE EXPENSE RATIO	5.0%	5.8%	0.8%	5.2%	5.8%	0.6%

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



	October	Budget	Variance	Year to Date	Budget	Variance
Family Members	239,124	247,500	(8,376)	2,413,134	2,452,500	(39,366)
Expansion Members	113,666	113,000	666	1,151,320	1,130,000	21,320
SPD Members	47,556	47,000	556	473,403	470,000	3,403
Total Members - MCAL	400,346	407,500	(7,154)	4,037,857	4,052,500	(14,643)
<b>REVENUES</b>						
Medicaid - Family Members	231.03	225.68	5.35	227.52	225.68	1.84
Medicaid - Expansion Members	421.00	424.01	(3.01)	422.14	424.01	(1.86)
Medicaid - SPD Members	803.27	859.63	(56.36)	798.87	859.63	(60.76)
Premium - MCO Tax	147.71	147.99	(0.28)	146.45	147.99	(1.54)
Premium - Hospital Directed Payments	144.51	60.09	84.42	145.45	60.20	85.25
Investment Earnings And Other Income	3.87	4.92	(1.05)	5.01	4.93	0.07
Reinsurance Recoveries	0.67	0.68	(0.01)	1.26	0.68	0.58
Rate Adjustments - Hospital Directed Payments	0.01	-	0.01	14.02	-	14.02
Rate/Income Adjustments	8.99	-	8.99	6.79	-	6.79
Total Revenues	658.71	567.47	91.24	668.98	568.31	100.67
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	94.01	90.91	(3.09)	95.07	91.00	(4.08)
Other Professional Services	30.71	26.80	(3.91)	27.79	26.84	(0.96)
Emergency Room	15.99	16.81	0.81	16.49	16.81	0.32
Inpatient	85.65	83.77	(1.88)	85.99	83.98	(2.01)
Reinsurance Expense	0.65	0.68	0.03	0.65	0.68	0.03
Outpatient Hospital	46.48	38.02	(8.46)	39.43	38.12	(1.30)
Other Medical	87.55	71.44	(16.11)	86.53	71.69	(14.83)
Pay for Performance Quality Incentive	1.50	1.50	0.00	1.52	1.50	(0.02)
Risk Corridor Expense	2.79	-	(2.79)	0.67	-	(0.67)
Hospital Directed Payments	144.51	60.09	(84.42)	145.46	60.20	(85.26)
Hospital Directed Payment Adjustment	0.01	-	(0.01)	14.20	-	(14.20)
Non-Claims Expense Adjustment	(0.03)	-	0.03	(3.78)	-	3.78
IBNR, Incentive, Paid Claims Adjustment	(0.06)	-	0.06	(0.06)	-	0.06
Total Medical Costs	509.75	390.01	(119.74)	509.96	390.83	(119.14)
GROSS MARGIN	148.97	177.46	(28.49)	159.02	177.48	(18.46)
<b>ADMINISTRATIVE COSTS</b>						
Compensation	11.05	10.36	(0.68)	9.85	10.42	0.57
Purchased Services	3.93	5.75	1.82	5.04	5.78	0.74
Supplies	0.55	0.60	0.05	0.41	0.60	0.20
Depreciation	1.50	1.88	0.38	1.49	1.89	0.40
Other Administrative Expenses	1.16	1.65	0.49	1.67	1.66	(0.01)
Administrative Expense Adjustment	0.20	0.49	0.29	0.28	0.49	0.21
Total Administrative Expenses	18.38	20.73	2.36	18.74	20.85	2.11
TOTAL EXPENSES	528.13	410.75	(117.38)	528.70	411.68	(117.03)
OPERATING INCOME (LOSS) BEFORE TAX	130.59	156.72	(26.14)	140.28	156.63	(16.35)
MCO TAX	147.71	147.99	0.28	146.45	147.99	1.54
OPERATING INCOME (LOSS) NET OF TAX	(17.13)	8.73	(25.86)	(6.17)	8.64	(14.82)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Provider Grants/CalAIM/Home Health	(0.24)	(2.05)	1.81	(0.41)	(2.05)	1.64
D-SNP Expenses	(1.11)	(0.99)	(0.12)	(1.41)	(0.99)	(0.42)
Total Non-Operating Revenue (Expense)	(1.34)	(3.04)	1.69	(1.82)	(3.04)	1.22
NET INCREASE (DECREASE) IN NET POSITION	(18.47)	5.70	(24.17)	(7.99)	5.60	(13.59)
MEDICAL LOSS RATIO	99.7%	91.8%	-7.9%	96.5%	91.8%	-4.7%
ADMINISTRATIVE EXPENSE RATIO	5.0%	5.8%	0.8%	5.2%	5.8%	0.6%

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



	2024 - Q4	2025 - Q1	2025 - Q2	2025 - Q3	Rolling 4-Quarter Totals	CURRENT QUARTER 2025 - Q4
Total Members - MCAL	1,209,901	1,215,186	1,213,588	1,208,737	4,847,412	400,346
<b>REVENUES</b>						
Medicaid - Family Members	181,853,744	164,182,925	164,643,931	164,974,083	675,654,683	55,244,699
Medicaid - Expansion Members	146,690,508	146,129,580	146,406,773	145,631,912	584,858,772	47,853,469
Medicaid - SPD Members	72,615,432	112,116,656	113,466,544	114,404,100	412,602,732	38,200,328
Medicaid - LTC Members	12,679,447	-	-	-	12,679,447	-
Premium - MCO Tax	169,305,625	177,408,904	177,408,904	177,408,904	701,532,336	59,136,301
Premium - Hospital Directed Payments	74,054,842	176,821,231	176,863,014	175,783,933	603,523,020	57,853,756
Investment Earnings And Other Income	6,363,381	6,614,108	6,619,093	5,426,773	25,023,355	1,550,024
Reinsurance Recoveries	-	-	1,600,000	3,225,949	4,825,949	268,618
Rate Adjustments - Hospital Directed Payments	(45,264)	105,206,644	153,982	(48,766,536)	56,548,825	5,813
Rate/Income Adjustments	29,220	2,557,018	16,334,961	4,913,067	23,834,266	3,600,845
Total Revenues	663,546,935	891,037,065	803,497,202	743,002,184	3,101,083,386	263,713,852
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	117,920,414	113,538,825	120,549,958	112,164,511	464,173,708	37,634,665
Other Professional Services	17,579,841	31,017,823	33,468,699	35,449,266	117,515,629	12,294,068
Emergency Room	20,264,346	20,024,420	20,408,138	19,750,790	80,447,694	6,401,699
Inpatient	109,860,804	98,477,222	112,568,469	101,887,733	422,794,228	34,291,026
Reinsurance Expense	337,245	808,856	768,322	786,038	2,700,461	258,815
Outpatient Hospital	45,089,064	46,204,757	46,499,744	47,887,562	185,681,128	18,608,145
Other Medical	95,537,563	99,350,041	108,019,275	106,965,073	409,871,953	35,048,550
Pay for Performance Quality Incentive	1,814,852	1,822,779	1,920,382	1,814,657	7,372,669	598,968
Risk Corridor Expense	(960,173)	-	-	1,591,081	630,908	1,117,618
Hospital Directed Payments	74,054,842	176,821,231	176,863,014	175,797,372	603,536,459	57,853,756
Hospital Directed Payment Adjustment	(45,264)	105,103,291	1,172,910	(48,962,121)	57,268,815	3,959
Non-Claims Expense Adjustment	(1,489,159)	(6,486,815)	(10,264,893)	(1,520,018)	(16,720,849)	(12,759)
IBNR, Incentive, Paid Claims Adjustment	(3,892,128)	658,346	(3,531,172)	2,647,971	(4,116,983)	(22,750)
Total Medical Costs	476,072,247	687,340,775	608,442,846	559,299,951	2,331,155,820	204,075,760
GROSS MARGIN	187,474,687	203,696,289	195,054,356	183,702,233	769,927,565	59,638,093
<b>ADMINISTRATIVE COSTS</b>						
Compensation	12,349,629	11,773,691	11,672,587	11,888,717	47,684,623	4,422,340
Purchased Services	6,570,351	5,241,893	7,542,567	6,004,661	25,359,472	1,571,884
Supplies	693,365	438,866	353,058	630,525	2,115,813	218,210
Depreciation	2,071,812	1,794,880	1,806,873	1,809,458	7,483,023	601,927
Other Administrative Expenses	1,848,717	2,016,475	2,053,315	2,222,027	8,140,534	462,693
Administrative Expense Adjustment	1,230,808	776,919	276,996	(308)	2,284,416	81,156
Total Administrative Expenses	24,764,681	22,042,724	23,705,397	22,555,080	93,067,882	7,358,211
TOTAL EXPENSES	500,836,928	709,383,500	632,148,243	581,855,031	2,424,223,702	211,433,970
OPERATING INCOME (LOSS) BEFORE TAX	162,710,007	181,653,565	171,348,959	161,147,153	676,859,684	52,279,882
MCO TAX	169,305,625	177,408,904	177,408,904	177,408,904	701,532,336	59,136,301
OPERATING INCOME (LOSS) NET OF TAX	(6,595,619)	4,244,662	(6,059,945)	(16,261,750)	(24,672,652)	(6,856,419)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(4,205,257)	(1,632,695)	(2,512,502)	(2,661,803)	(11,012,256)	(537,220)
NET INCREASE (DECREASE) IN NET POSITION	(10,800,875)	2,611,967	(8,572,447)	(18,923,553)	(35,684,908)	(7,393,640)
MEDICAL LOSS RATIO	95.7%	93.9%	95.8%	98.6%	96.0%	99.7%
ADMINISTRATIVE EXPENSE RATIO	5.9%	5.1%	5.3%	5.1%	5.4%	5.0%

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



	2024 - Q4	2025 - Q1	2025 - Q2	2025 - Q3	Rolling Quarter Totals	CURRENT QUARTER 2025 - Q4
Total Members - MCAL	1,209,901	1,215,186	1,213,588	1,208,737	4,847,412	400,346
<b>REVENUES</b>						
Medicaid - Family Members	228.42	225.55	227.27	228.61	227.48	231.03
Medicaid - Expansion Members	428.47	422.74	421.81	422.25	426.16	421.00
Medicaid - SPD Members	1,039.89	791.89	798.75	804.47	975.26	803.27
Medicaid - LTC Members	8,050.44	-	-	1.00	4,036.75	-
Premium - MCO Tax	139.93	145.99	146.19	146.77	144.72	147.71
Premium - Hospital Directed Payments	61.21	145.51	145.74	145.43	124.50	144.51
Investment Earnings And Other Income	5.26	5.44	5.45	4.49	5.16	3.87
Reinsurance Recoveries	-	-	1.32	2.67	1.00	0.67
Rate Adjustments - Hospital Directed Payments	(0.04)	86.58	0.13	(40.35)	11.67	0.01
Rate/Income Adjustments	0.02	2.10	13.46	4.06	4.92	8.99
Total Revenues	548.43	733.25	662.08	614.69	639.74	658.71
<b>EXPENSES</b>						
<b>MEDICAL COSTS</b>						
Physician Services	97.46	93.43	99.33	92.79	95.76	94.01
Other Professional Services	14.53	25.53	27.58	29.33	24.24	30.71
Emergency Room	16.75	16.48	16.82	16.34	16.60	15.99
Inpatient	90.80	81.04	92.76	84.29	87.22	85.65
Reinsurance Expense	0.28	0.67	0.63	0.65	0.56	0.65
Outpatient Hospital	37.27	38.02	38.32	39.62	38.31	46.48
Other Medical	78.96	81.76	89.01	88.49	84.55	87.55
Pay for Performance Quality Incentive	1.50	1.50	1.58	1.50	1.52	1.50
Risk Corridor Expense	(0.79)	-	-	1.32	0.13	2.79
Hospital Directed Payments	61.21	145.51	145.74	145.44	124.51	144.51
Hospital Directed Payment Adjustment	(0.04)	86.49	0.97	(40.51)	11.81	0.01
Non-Claims Expense Adjustment	(1.23)	(5.34)	(8.46)	1.26	(3.45)	(0.03)
IBNR, Incentive, Paid Claims Adjustment	(3.22)	0.54	(2.91)	2.19	(0.85)	(0.06)
Total Medical Costs	393.48	565.63	501.36	462.71	480.91	509.75
GROSS MARGIN	154.95	167.63	160.73	151.98	158.83	148.97
<b>ADMINISTRATIVE COSTS</b>						
Compensation	10.21	9.69	9.62	9.84	9.84	11.05
Purchased Services	5.43	4.31	6.22	4.97	5.23	3.93
Supplies	0.57	0.36	0.29	0.52	0.44	0.55
Depreciation	1.71	1.48	1.49	1.50	1.54	1.50
Other Administrative Expenses	1.53	1.66	1.69	1.84	1.68	1.16
Administrative Expense Adjustment	1.02	0.64	0.23	(0.00)	0.47	0.20
Total Administrative Expenses	20.47	18.14	19.53	18.66	19.20	18.38
TOTAL EXPENSES	413.95	583.77	520.89	481.37	500.11	528.13
OPERATING INCOME (LOSS) BEFORE TAX	134.48	149.49	141.19	133.32	139.63	130.59
MCO TAX	139.93	145.99	146.19	146.77	144.72	147.71
OPERATING INCOME (LOSS) NET OF TAX	(5.45)	3.49	(4.99)	(13.45)	(5.09)	(17.13)
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Total Non-Operating Revenue (Expense)	(3.48)	(1.34)	(2.07)	(2.20)	(2.27)	(1.34)
NET INCREASE (DECREASE) IN NET POSITION	(8.93)	2.15	(7.06)	(15.66)	(7.36)	(18.47)
MEDICAL LOSS RATIO	95.7%	93.9%	95.8%	98.6%	96.0%	99.7%
ADMINISTRATIVE EXPENSE RATIO	5.9%	5.1%	5.3%	5.1%	5.4%	5.0%

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

	APRIL 2025	MAY 2025	JUNE 2025	JULY 2025	AUGUST 2025	SEPTEMBER 2025	Prior 6 Month YTD	OCTOBER 2025	Year to Date Total
Total Members - MCAL	404,899	403,890	404,799	405,629	402,071	401,037	2,422,325	400,346	4,037,857
<b>REVENUES</b>									
Medicaid - Family Members	54,688,236	55,024,952	54,930,744	55,112,034	55,284,966	54,577,083	329,618,014	55,244,699	549,045,638
Medicaid - Expansion Members	48,688,708	48,723,433	48,994,633	49,057,991	48,559,601	48,014,320	292,038,685	47,853,469	486,021,733
Medicaid - SPD Members	37,663,190	37,785,856	38,017,497	38,111,261	37,719,991	38,572,848	227,870,644	38,200,328	378,187,628
Medicaid - LTC Members	-	-	-	-	-	-	-	-	-
Premium - MCO Tax	59,136,301	59,124,814	59,147,788	59,136,301	(0)	118,272,602	354,817,807	59,136,301	591,363,012
Premium - Hospital Directed Payments	58,897,348	58,890,354	59,075,312	59,035,880	58,451,235	58,296,817	352,646,947	57,853,756	587,321,934
Investment Earnings And Other Income	3,204,688	1,505,898	1,908,507	1,650,374	1,911,358	1,865,041	12,045,866	1,550,024	20,209,998
Reinsurance Recoveries	-	-	1,600,000	300,000	772,732	2,153,218	4,825,949	268,618	5,094,567
Rate Adjustments - Hospital Directed Payments	111,950	78,980	(36,948)	4,261,053	(53,056,519)	28,929	(48,612,554)	5,813	56,599,902
Rate/Income Adjustments	6,525,510	136,042	9,673,408	4,824,965	147,916	(59,814)	21,248,028	3,600,845	27,405,890
Total Revenues	268,915,931	261,270,330	273,310,941	271,489,861	149,791,279	321,721,045	1,546,499,386	263,713,852	2,701,250,303
<b>EXPENSES</b>									
<b>MEDICAL COSTS</b>									
Physician Services	39,018,167	39,419,683	42,112,109	38,137,625	38,251,300	35,775,586	232,714,469	37,634,665	383,887,959
Other Professional Services	11,252,193	10,693,341	11,523,165	11,113,022	12,757,030	11,579,214	68,917,965	12,294,068	112,229,856
Emergency Room	6,330,730	7,074,183	7,003,225	6,580,865	6,307,989	6,861,936	40,158,928	6,401,699	66,585,046
Inpatient	33,714,646	39,326,548	39,527,275	34,361,371	34,046,492	33,479,870	214,456,202	34,291,026	347,224,450
Reinsurance Expense	240,829	271,713	255,781	260,984	262,299	262,754	1,554,360	258,815	2,622,031
Outpatient Hospital	16,762,573	14,357,942	15,379,229	15,553,674	15,218,411	17,115,477	94,387,306	18,608,145	159,200,209
Other Medical	35,490,285	34,883,873	37,645,117	38,154,038	34,707,037	34,103,997	214,984,348	35,048,550	349,382,963
Pay for Performance Quality Incentive	607,349	605,835	707,199	608,444	603,107	603,107	3,735,039	598,968	6,156,786
Risk Corridor Expense	-	-	-	-	-	1,591,081	1,591,081	1,117,618	2,708,699
Hospital Directed Payments	58,897,348	58,890,354	59,075,312	59,035,880	58,464,674	58,296,817	352,660,386	57,853,756	587,335,373
Hospital Directed Payment Adjustment	111,948	1,098,088	(37,127)	4,261,156	(53,169,871)	(53,406)	(47,789,211)	3,959	57,318,039
Non-Claims Expense Adjustment	(1,877)	(10,262,733)	(283)	99,601	6,421	1,413,996	(8,744,875)	(12,759)	(15,244,448)
IBNR, Incentive, Paid Claims Adjustment	(2,667,263)	(37,610)	(826,300)	822,578	1,343,361	482,033	(883,201)	(22,750)	(247,628)
Total Medical Costs	199,756,928	196,321,218	212,364,700	208,989,239	148,798,250	201,512,462	1,167,742,798	204,075,760	2,059,159,333
GROSS MARGIN	69,159,003	64,949,112	60,946,241	62,500,621	993,028	120,208,583	378,756,588	59,638,093	642,090,970
<b>ADMINISTRATIVE COSTS</b>									
Compensation	3,886,069	3,873,266	3,913,252	4,003,904	3,803,698	4,081,115	23,561,304	4,422,340	39,757,334
Purchased Services	2,673,698	2,687,401	2,181,469	2,832,364	1,332,630	1,839,667	13,547,229	1,571,884	20,361,006
Supplies	122,949	121,882	108,227	137,483	339,600	153,441	983,583	218,210	1,640,659
Depreciation	597,265	605,113	604,495	604,109	603,423	601,927	3,616,331	601,927	6,013,138
Other Administrative Expenses	561,209	836,014	656,092	1,115,773	561,313	544,941	4,275,341	462,693	6,754,509
Administrative Expense Adjustment	160,116	69,345	47,536	(308)	-	-	276,689	81,156	1,134,764
Total Administrative Expenses	8,001,306	8,193,021	7,511,070	8,693,325	6,640,664	7,221,090	46,260,477	7,358,211	75,661,411
TOTAL EXPENSES	207,758,234	204,514,239	219,875,770	217,682,565	155,438,914	208,733,552	1,214,003,274	211,433,970	2,134,820,744
OPERATING INCOME (LOSS) BEFORE TAX	61,157,697	56,756,091	53,435,171	53,807,296	(5,647,635)	112,987,493	332,496,112	52,279,882	566,429,559
MCO TAX	59,136,301	59,136,301	59,136,301	59,136,301	(0)	118,272,602	354,817,807	59,136,301	591,363,012
OPERATING INCOME (LOSS) NET OF TAX	2,021,395	(2,380,210)	(5,701,130)	(5,329,005)	(5,647,635)	(5,285,110)	(22,321,695)	(6,856,419)	(24,933,453)
<b>NON-OPERATING REVENUE (EXPENSE)</b>									
Total Non-Operating Revenue (Expense)	(511,718)	(845,044)	(1,155,740)	(1,441,323)	(319,735)	(900,745)	(5,174,305)	(537,220)	(7,344,220)
NET INCREASE (DECREASE) IN NET POSITION	1,509,677	(3,225,255)	(6,856,869)	(6,770,328)	(5,967,371)	(6,185,854)	(27,496,000)	(7,393,640)	(32,277,672)
MEDICAL LOSS RATIO	93.4%	95.2%	98.8%	97.7%	99.4%	98.7%	97.2%	99.7%	96.5%
ADMINISTRATIVE EXPENSE RATIO	5.3%	5.7%	4.8%	5.8%	4.6%	5.0%	5.2%	5.0%	5.2%

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



	APRIL 2025	MAY 2025	JUNE 2025	JULY 2025	AUGUST 2025	SEPTEMBER 2025	6 Month Prior YTD	OCTOBER 2025
Total Members - MCAL	404,899	403,890	404,799	405,629	402,071	401,037	2,422,325	400,346
<b>REVENUES</b>								
Medicaid - Family Members	225.70	228.41	227.71	228.01	230.12	227.71	227.94	231.03
Medicaid - Expansion Members	422.12	421.48	421.84	420.68	423.75	422.37	422.03	421.00
Medicaid - SPD Members	797.07	797.42	801.74	805.73	798.64	808.99	801.61	803.27
Medicaid - LTC Members	-	-	-	-	1.00	2.00	-	-
Premium - MCO Tax	146.05	146.39	146.12	145.79	(0.00)	294.92	146.48	147.71
Premium - Hospital Directed Payments	145.46	145.81	145.94	145.54	145.38	145.37	145.58	144.51
Investment Earnings And Other Income	7.91	3.73	4.71	4.07	4.75	4.65	4.97	3.87
Reinsurance Recoveries	-	-	3.95	0.74	1.92	5.37	1.99	0.67
Rate Adjustments - Hospital Directed Payments	0.28	0.20	(0.09)	10.50	(131.96)	0.07	(20.07)	0.01
Rate/Income Adjustments	16.12	0.34	23.90	11.90	0.37	(0.15)	8.77	8.99
<b>Total Revenues</b>	<b>664.16</b>	<b>646.88</b>	<b>675.18</b>	<b>669.31</b>	<b>372.55</b>	<b>802.22</b>	<b>638.44</b>	<b>658.71</b>
<b>EXPENSES</b>								
<b>MEDICAL COSTS</b>								
Physician Services	96.37	97.60	104.03	94.02	95.14	89.21	96.07	94.01
Other Professional Services	27.79	26.48	28.47	27.40	31.73	28.87	28.45	30.71
Emergency Room	15.64	17.52	17.30	16.22	15.69	17.11	16.58	15.99
Inpatient	83.27	97.37	97.65	84.71	84.68	83.48	88.53	85.65
Reinsurance Expense	0.59	0.67	0.63	0.64	0.65	0.66	0.64	0.65
Outpatient Hospital	41.40	35.55	37.99	38.34	37.85	42.68	38.97	46.48
Other Medical	87.65	86.37	93.00	94.06	86.32	85.04	88.75	87.55
Pay for Performance Quality Incentive	1.50	1.50	1.75	1.50	1.50	1.50	1.54	1.50
Risk Corridor Expense	-	-	-	-	-	3.97	0.66	2.79
Hospital Directed Payments	145.46	145.81	145.94	145.54	145.41	145.37	145.59	144.51
Hospital Directed Payment Adjustment	0.28	2.72	(0.09)	10.51	(132.24)	(0.13)	(19.73)	0.01
Non-Claims Expense Adjustment	(0.00)	(25.41)	(0.00)	0.25	0.02	3.53	(3.61)	(0.03)
IBNR, Incentive, Paid Claims Adjustment	(6.59)	(0.09)	(2.04)	2.03	3.34	1.20	(0.36)	(0.06)
<b>Total Medical Costs</b>	<b>493.35</b>	<b>486.08</b>	<b>524.62</b>	<b>515.22</b>	<b>370.08</b>	<b>502.48</b>	<b>482.08</b>	<b>509.75</b>
<b>GROSS MARGIN</b>	<b>170.81</b>	<b>160.81</b>	<b>150.56</b>	<b>154.08</b>	<b>2.47</b>	<b>299.74</b>	<b>156.36</b>	<b>148.97</b>
<b>ADMINISTRATIVE COSTS</b>								
Compensation	9.60	9.59	9.67	9.87	9.46	10.18	9.73	11.05
Purchased Services	6.60	6.65	5.39	6.98	3.31	4.59	5.59	3.93
Supplies	0.30	0.30	0.27	0.34	0.84	0.38	0.41	0.55
Depreciation	1.48	1.50	1.49	1.49	1.50	1.50	1.49	1.50
Other Administrative Expenses	1.39	2.07	1.62	2.75	1.40	1.36	1.76	1.16
Administrative Expense Adjustment	0.40	0.17	0.12	(0.00)	-	-	0.11	0.20
<b>Total Administrative Expenses</b>	<b>19.76</b>	<b>20.29</b>	<b>18.56</b>	<b>21.43</b>	<b>16.52</b>	<b>18.01</b>	<b>19.10</b>	<b>18.38</b>
<b>TOTAL EXPENSES</b>	<b>513.11</b>	<b>506.36</b>	<b>543.17</b>	<b>536.65</b>	<b>386.60</b>	<b>520.48</b>	<b>501.17</b>	<b>528.13</b>
<b>OPERATING INCOME (LOSS) BEFORE TAX</b>	<b>151.04</b>	<b>140.52</b>	<b>132.00</b>	<b>132.65</b>	<b>(14.05)</b>	<b>281.74</b>	<b>137.26</b>	<b>130.59</b>
<b>MCO TAX</b>	<b>146.05</b>	<b>146.42</b>	<b>146.09</b>	<b>145.79</b>	<b>(0.00)</b>	<b>294.92</b>	<b>146.48</b>	<b>147.71</b>
<b>OPERATING INCOME (LOSS) NET OF TAX</b>	<b>4.99</b>	<b>(5.89)</b>	<b>(14.08)</b>	<b>(13.14)</b>	<b>(14.05)</b>	<b>(13.18)</b>	<b>(9.21)</b>	<b>(17.13)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>								
Total Non-Operating Revenue (Expense)	(1.26)	(2.09)	(2.86)	(3.55)	(0.80)	(2.25)	(2.14)	(1.34)
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<b>3.73</b>	<b>(7.99)</b>	<b>(16.94)</b>	<b>(16.69)</b>	<b>(14.84)</b>	<b>(15.42)</b>	<b>(11.35)</b>	<b>(18.47)</b>
<b>MEDICAL LOSS RATIO</b>	<b>93.4%</b>	<b>95.2%</b>	<b>98.8%</b>	<b>97.7%</b>	<b>99.4%</b>	<b>98.7%</b>	<b>97.2%</b>	<b>99.7%</b>
<b>ADMINISTRATIVE EXPENSE RATIO</b>	<b>5.3%</b>	<b>5.7%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.0%</b>

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



REVENUES	October	Budget	Variance
Premium - Medi-Cal	46,725,896	48,959,708	(2,233,812)
Premium - Maternity Kick	4,214,354	3,402,744	811,611
Premium - Enhanced Care Management	2,090,874	1,775,851	315,023
Premium - Major Organ Transplant	159,520	240,553	(81,033)
Premium - Provider Enhancement	1,413,718	1,184,337	229,381
Premium - GEMT	158,186	184,457	(26,271)
Premium - Equity & Practice Transformation	386,525	-	386,525
Other	95,626	108,900	(13,274)
<b>TOTAL MEDICAID - FAMILY MEMBERS</b>	<b>55,244,699</b>	<b>55,856,550</b>	<b>(611,851)</b>
Premium - Medi-Cal	44,228,226	44,592,454	(364,228)
Premium - Maternity Kick	358,831	442,636	(83,805)
Premium - Enhanced Care Management	2,102,217	1,778,641	323,576
Premium - Major Organ Transplant	281,784	422,945	(141,161)
Premium - Provider Enhancement	421,232	364,845	56,387
Premium - GEMT	231,134	261,525	(30,391)
Premium - Equity & Practice Transformation	184,736	-	184,736
Other	45,309	49,720	(4,411)
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>47,853,469</b>	<b>47,912,766</b>	<b>(59,297)</b>
Premium - Medi-Cal	36,544,155	38,843,988	(2,299,833)
Premium - Enhanced Care Management	1,337,755	1,014,864	322,891
Premium - Major Organ Transplant	115,854	341,085	(225,231)
Premium - Provider Enhancement	31,580	28,525	3,055
Premium - GEMT	136,496	173,842	(37,346)
Premium - Equity & Practice Transformation	32,991	-	32,991
Premium - Distinct Part Nursing Facility	1,339	-	1,339
Other	158	158	-
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,200,328</b>	<b>40,402,462</b>	<b>(2,202,134)</b>

Year to Date	Budget	Variance
473,356,091	485,146,201	(11,790,110)
35,592,971	33,718,095	1,874,876
21,198,346	17,597,073	3,601,272
1,618,478	2,383,665	(765,187)
14,322,517	11,735,699	2,586,818
1,604,396	1,827,799	(223,403)
386,525	-	386,525
966,313	1,079,100	(112,787)
<b>549,045,638</b>	<b>553,487,633</b>	<b>(4,441,994)</b>
450,180,145	445,924,543	4,255,602
4,206,720	4,426,362	(219,643)
21,463,694	17,786,406	3,677,288
2,866,461	4,229,450	(1,362,989)
4,297,535	3,648,450	649,085
2,360,603	2,615,250	(254,647)
184,736	-	184,736
461,840	497,200	(35,360)
<b>486,021,733</b>	<b>479,127,661</b>	<b>6,894,073</b>
361,967,761	388,440,211	(26,472,449)
13,329,970	10,148,641	3,181,329
1,155,183	3,410,850	(2,255,667)
318,137	285,250	32,887
1,369,923	1,738,420	(368,497)
32,991	-	32,991
12,418	-	12,418
1,246	1,246	-
<b>378,187,628</b>	<b>404,024,618</b>	<b>(25,836,990)</b>



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



	January	February	March	April	May	June	July	August	September	October	Year to Date
<b>REVENUES</b>											
Premium - Medi-Cal	47,363,308	47,545,964	47,551,546	47,638,089	47,672,367	47,373,580	47,430,400	47,285,713	46,769,228	46,725,896	473,356,091
Premium - Maternity Kick	3,443,250	3,489,058	2,840,108	3,053,880	3,351,633	3,580,674	3,702,830	4,031,122	3,886,062	4,214,354	35,592,971
Premium - Enhanced Care Management	2,125,064	2,131,060	2,130,863	2,133,053	2,132,628	2,122,809	2,122,439	2,116,979	2,092,576	2,090,874	21,198,346
Premium - Major Organ Transplant	160,356	161,697	161,742	162,891	164,567	162,543	162,658	162,575	159,929	159,520	1,618,478
Premium - Provider Enhancement	1,429,771	1,437,183	1,437,262	1,441,621	1,445,331	1,434,006	1,436,284	1,432,031	1,415,311	1,413,718	14,322,517
Premium - GEMT	160,977	161,437	161,348	161,465	161,307	160,694	160,596	160,128	158,257	158,186	1,604,396
Premium - Equity & Practice Transformation	-	-	-	-	-	-	-	-	-	386,525	386,525
Other	96,746	97,035	97,150	97,236	97,118	96,437	96,828	96,418	95,719	95,626	966,313
<b>TOTAL MEDICAID - FAMILY MEMBERS</b>	<b>54,779,472</b>	<b>55,023,433</b>	<b>54,380,020</b>	<b>54,688,236</b>	<b>55,024,952</b>	<b>54,930,744</b>	<b>55,112,034</b>	<b>55,284,966</b>	<b>54,577,083</b>	<b>55,244,699</b>	<b>549,045,638</b>
Premium - Medi-Cal	44,855,744	45,219,120	45,018,916	45,125,766	45,365,301	45,433,984	45,545,841	44,944,541	44,442,704	44,228,226	450,180,145
Premium - Maternity Kick	564,968	511,525	480,986	412,274	206,137	381,735	335,927	480,986	473,351	358,831	4,206,720
Premium - Enhanced Care Management	2,153,257	2,165,899	2,154,091	2,150,015	2,149,171	2,170,055	2,167,026	2,138,244	2,113,720	2,102,217	21,463,694
Premium - Major Organ Transplant	285,237	287,671	286,455	287,370	289,211	289,196	290,123	286,297	283,117	281,784	2,866,461
Premium - Provider Enhancement	430,414	433,175	430,922	430,557	430,991	434,307	434,111	428,354	423,473	421,232	4,297,535
Premium - GEMT	236,976	238,316	236,993	236,445	236,220	238,707	238,283	235,117	232,413	231,134	2,360,603
Premium - Equity & Practice Transformation	-	-	-	-	-	-	-	-	-	184,736	184,736
Other	46,164	46,490	46,262	46,280	46,403	46,649	46,680	46,062	45,542	45,309	461,840
<b>TOTAL MEDICAID - EXPANSION MEMBERS</b>	<b>48,572,760</b>	<b>48,902,196</b>	<b>48,654,624</b>	<b>48,688,708</b>	<b>48,723,433</b>	<b>48,994,633</b>	<b>49,057,991</b>	<b>48,559,601</b>	<b>48,014,320</b>	<b>47,853,469</b>	<b>486,021,733</b>
Premium - Medi-Cal	37,081,984	34,297,701	35,919,054	36,050,326	36,169,992	36,388,660	36,483,130	36,113,888	36,918,872	36,544,155	361,967,761
Premium - Enhanced Care Management	1,403,572	1,238,016	1,326,920	1,327,850	1,329,835	1,341,543	1,340,261	1,323,952	1,360,266	1,337,755	13,329,970
Premium - Major Organ Transplant	125,409	102,004	114,724	115,251	115,746	116,094	116,793	114,376	118,931	115,854	1,155,183
Premium - Provider Enhancement	35,647	27,621	31,770	31,745	31,837	32,025	31,932	31,316	32,664	31,580	318,137
Premium - GEMT	151,476	120,067	136,547	136,681	137,134	137,832	137,816	135,165	140,709	136,496	1,369,923
Premium - Equity & Practice Transformation	-	-	-	-	-	-	-	-	-	32,991	32,991
Premium - Distinct Part Nursing Facility	1,259	1,293	1,251	1,227	1,206	1,232	1,194	1,169	1,247	1,339	12,418
Other	112	114	115	110	106	112	135	124	159	158	1,246
<b>TOTAL MEDICAID - SPD MEMBERS</b>	<b>38,799,459</b>	<b>35,786,816</b>	<b>37,530,381</b>	<b>37,663,190</b>	<b>37,785,856</b>	<b>38,017,497</b>	<b>38,111,261</b>	<b>37,719,991</b>	<b>38,572,848</b>	<b>38,200,328</b>	<b>378,187,628</b>



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



	October	Budget	Variance	Year to Date	Budget	Variance
<b>Physician Services</b>						
Primary Care Physician Services	10,544,151	8,204,173	(2,339,977)	91,164,761	81,544,404	(9,620,357)
Referral Specialty Services	24,677,307	24,988,660	311,353	261,366,973	248,911,376	(12,455,598)
Urgent Care & After Hours Advice	2,403,907	3,845,201	1,441,294	31,265,024	38,215,712	6,950,688
Hospital Admitting Team	9,300	9,300	-	91,200	91,200	-
<b>Total Physician Services</b>	<b>37,634,665</b>	<b>37,047,334</b>	<b>(587,330)</b>	<b>383,887,959</b>	<b>368,762,692</b>	<b>(15,125,267)</b>
<b>Other Professional Services</b>						
Vision Service Capitation	338,736	366,750	28,014	3,437,369	3,647,250	209,881
221 - Business Intelligence	223,265	194,078	(29,187)	1,994,361	1,934,225	(60,136)
223 - Enterprise Configuration	146,567	135,609	(10,957)	1,324,650	1,351,512	26,862
310 - Health Services - Utilization Management	918,998	779,672	(139,325)	7,890,363	7,770,374	(119,989)
311 - Health Services - Quality Improvement	279,131	287,738	8,608	2,460,731	2,867,661	406,930
312 - Health Services Education	396,952	358,447	(38,505)	3,325,164	3,572,358	247,194
313 - Pharmacy	140,020	128,619	(11,401)	1,227,405	1,281,846	54,441
314 - Enhanced Care Management	488,716	397,801	(90,915)	4,041,207	3,964,570	(76,637)
316 - Population Health Management	614,411	614,099	(312)	5,409,433	6,120,233	710,800
317 - In Lieu of Services	138,646	130,962	(7,685)	1,321,300	1,305,191	(16,109)
321 - Homeless Management Information Services	26,452	42,813	16,362	248,538	426,687	178,149
330 - Member Services	1,258,918	1,093,398	(165,520)	10,691,855	10,897,027	205,172
331 - Member Outreach	461,767	253,653	(208,114)	1,256,910	2,527,963	1,271,053
410 - Member Engagement	66,468	106,180	39,711	580,954	1,058,207	477,253
601 - Behavioral Health	170,830	177,958	7,128	1,531,663	1,773,570	241,907
602 - Quality & Health Equity	87,186	82,587	(4,600)	798,981	823,078	24,097
605 - Quality Performance	167,942	187,934	19,992	1,539,403	1,872,993	333,590
Behavior Health Treatment	3,670,491	2,848,388	(822,103)	35,280,861	28,330,923	(6,949,938)
Mental Health Services	732,954	681,349	(51,605)	6,352,222	6,794,483	442,261
Other Professional Services	1,965,617	2,052,158	86,541	21,516,485	20,435,573	(1,080,912)
<b>Total Other Professional Services</b>	<b>12,294,068</b>	<b>10,920,195</b>	<b>(1,373,873)</b>	<b>112,229,856</b>	<b>108,755,723</b>	<b>(3,474,132)</b>
Emergency Room	6,401,699	6,848,143	446,444	66,585,046	68,133,617	1,548,571
Inpatient Hospital	34,291,026	34,137,355	(153,671)	347,224,450	340,348,242	(6,876,208)
Reinsurance Expense Premium	258,815	276,243	17,429	2,622,031	2,746,447	124,417
Outpatient Hospital	18,608,145	15,492,518	(3,115,627)	159,200,209	154,494,676	(4,705,532)
<b>Other Medical</b>						
Ambulance and NEMT	5,532,616	5,064,803	(467,813)	61,365,702	50,539,157	(10,826,546)
Home Health Services & CBAS	1,730,373	1,320,799	(409,574)	15,557,647	13,195,624	(2,362,023)
Utilization and Quality Review Expenses	1,292,945	1,824,120	531,175	12,332,753	18,179,560	5,846,806
Long Term/SNF/Hospice	12,447,354	11,525,692	(921,662)	109,845,212	115,204,113	5,358,901
Provider Enhancement Expense - Prop. 56	1,773,309	1,663,971	(109,338)	17,995,128	14,885,929	(3,109,199)
Provider Enhancement Expense - GEMT	539,474	423,683	(115,791)	5,394,034	5,872,395	478,362
Enhanced Care Management	5,254,304	4,340,888	(913,415)	53,192,409	43,255,514	(9,936,895)
Community Support Services	3,143,346	-	(3,143,346)	41,003,024	-	(41,003,024)
Major Organ Transplant	532,190	954,354	422,164	5,405,643	9,522,767	4,117,124
Cal AIM Incentive Programs	-	-	-	1,503,032	-	(1,503,032)
Student Behavioral Health Incentive	2,916	-	(2,916)	1,321,164	-	(1,321,164)
Housing and Homelessness Incentive	-	-	-	1,325,000	-	(1,325,000)
Equity & Practice Transformation Expense	604,252	-	(604,252)	604,252	-	(604,252)
Distinct Part Nursing Facility Expense	1,339	-	(1,339)	12,418	-	(12,418)
DME/Rebates	2,194,133	1,993,696	(200,437)	22,525,544	19,881,174	(2,644,371)
<b>Total Other Medical</b>	<b>35,048,550</b>	<b>29,112,006</b>	<b>(5,936,544)</b>	<b>349,382,963</b>	<b>290,536,233</b>	<b>(58,846,730)</b>
Pay for Performance Quality Incentive	598,968	611,245	12,277	6,156,786	6,078,765	(78,020)
Risk Corridor Expense	1,117,618	-	(1,117,618)	2,708,699	-	(2,708,699)
Hospital Directed Payments	57,853,756	24,485,419	(33,368,337)	587,335,373	243,966,643	(343,368,730)
Hospital Directed Payment Adjustment	3,959	-	(3,959)	57,318,039	-	(57,318,039)
Non-Claims Expense Adjustment	(12,759)	-	12,759	(15,244,448)	-	15,244,448
IBNR, Incentive, Paid Claims Adjustment	(22,750)	-	22,750	(247,628)	-	247,628
<b>Total Medical Costs</b>	<b>204,075,760</b>	<b>158,930,458</b>	<b>(45,145,301)</b>	<b>2,059,159,333</b>	<b>1,583,823,040</b>	<b>(475,336,293)</b>

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



	October	Budget	Variance
<b>TOTAL MEMBERS - MCAL</b>	<b>400,346</b>	<b>407,500</b>	<b>(7,154)</b>
<b>Physician Services</b>			
Primary Care Physician Services	26.34	20.13	(6.20)
Referral Specialty Services	61.64	61.32	(0.32)
Urgent Care & After Hours Advice	6.00	9.44	3.43
Hospital Admitting Team	0.02	0.02	(0.00)
<b>Total Physician Services</b>	<b>94.01</b>	<b>90.91</b>	<b>(3.09)</b>
<b>Other Professional Services</b>			
Vision Service Capitation	0.85	0.90	0.05
221 - Business Intelligence	0.56	0.48	(0.08)
223 - Enterprise Configuration	0.37	0.33	(0.03)
310 - Health Services - Utilization Management	2.30	1.91	(0.38)
311 - Health Services - Quality Improvement	0.70	0.71	0.01
312 - Health Services Education	0.99	0.88	(0.11)
313 - Pharmacy	0.35	0.32	(0.03)
314 - Enhanced Care Management	1.22	0.98	(0.24)
316 - Population Health Management	1.53	1.51	(0.03)
317 - In Lieu of Services	0.35	0.32	(0.02)
321 - Homeless Management Information Services	0.07	0.11	0.04
330 - Member Services	3.14	2.68	(0.46)
331 - Member Outreach	1.15	0.62	(0.53)
410 - Member Engagement	0.17	0.26	0.09
601 - Behavioral Health	0.43	0.44	0.01
602 - Quality & Health Equity	0.22	0.20	(0.02)
605 - Quality Performance	0.42	0.46	0.04
Behavior Health Treatment	9.17	6.99	(2.18)
Mental Health Services	1.83	1.67	(0.16)
Other Professional Services	4.91	5.04	0.13
<b>Total Other Professional Services</b>	<b>30.71</b>	<b>26.80</b>	<b>(3.91)</b>
Emergency Room	15.99	16.81	0.81
Inpatient Hospital	85.65	83.77	(1.88)
Reinsurance Expense Premium	0.65	0.68	0.03
Outpatient Hospital	46.48	38.02	(8.46)
<b>Other Medical</b>			
Ambulance and NEMT	13.82	12.43	(1.39)
Home Health Services & CBAS	4.32	3.24	(1.08)
Utilization and Quality Review Expenses	3.23	4.48	1.25
Long Term/SNF/Hospice	31.09	28.28	(2.81)
Provider Enhancement Expense - Prop. 56	4.43	4.08	(0.35)
Provider Enhancement Expense - GEMT	1.35	1.04	(0.31)
Enhanced Care Management	13.12	10.65	(2.47)
Community Support Services	7.85	-	(7.85)
Major Organ Transplant	1.33	2.34	1.01
Cal AIM Incentive Programs	-	-	-
Student Behavioral Health Incentive	0.01	-	(0.01)
Housing and Homelessness Incentive	-	-	-
Equity & Practice Transformation Expense	1.51	-	(1.51)
Distinct Part Nursing Facility Expense	0.00	-	(0.00)
DME/Rebates	5.48	4.89	(0.59)
<b>Total Other Medical</b>	<b>87.55</b>	<b>71.44</b>	<b>(16.11)</b>
Pay for Performance Quality Incentive	1.50	1.50	0.00
Risk Corridor Expense	2.79	-	(2.79)
Hospital Directed Payments	144.51	60.09	(84.42)
Hospital Directed Payment Adjustment	0.01	-	(0.01)
Non-Claims Expense Adjustment	(0.03)	-	0.03
IBNR, Incentive, Paid Claims Adjustment	(0.06)	-	0.06
<b>Total Medical Costs</b>	<b>509.75</b>	<b>390.01</b>	<b>(119.74)</b>

Year to Date	Budget	Variance
<b>4,037,857</b>	<b>4,052,500</b>	<b>(14,643)</b>
22.58	20.12	(2.46)
64.73	61.42	(3.31)
7.74	9.43	1.69
0.02	0.02	(0.00)
95.07	91.00	(4.08)
0.85	0.90	0.05
0.49	0.48	(0.02)
0.33	0.33	0.01
1.95	1.92	(0.04)
0.61	0.71	0.10
0.82	0.88	0.06
0.30	0.32	0.01
1.00	0.98	(0.02)
1.34	1.51	0.17
0.33	0.32	(0.01)
0.06	0.11	0.04
2.65	2.69	0.04
0.31	0.62	0.31
0.14	0.26	0.12
0.38	0.44	0.06
0.20	0.20	0.01
0.38	0.46	0.08
8.74	6.99	(1.75)
1.57	1.68	0.10
5.33	5.04	(0.29)
27.79	26.84	(0.96)
16.49	16.81	0.32
85.99	83.98	(2.01)
0.65	0.68	0.03
39.43	38.12	(1.30)
15.20	12.47	(2.73)
3.85	3.26	(0.60)
3.05	4.49	1.43
27.20	28.43	1.22
4.46	3.67	(0.78)
1.34	1.45	0.11
13.17	10.67	(2.50)
10.15	-	(10.15)
1.34	2.35	1.01
0.37	-	(0.37)
0.33	-	(0.33)
0.33	-	(0.33)
0.15	-	(0.15)
0.00	-	(0.00)
5.58	4.91	(0.67)
86.53	71.69	(14.83)
1.52	1.50	(0.02)
0.67	-	(0.67)
145.46	60.20	(85.26)
14.20	-	(14.20)
(3.78)	-	3.78
(0.06)	-	0.06
509.96	390.83	(119.14)

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



	January	February	March	April	May	June	July	August	September	October	Year to Date
<b>Physician Services</b>											
Primary Care Physician Services	6,633,777	10,235,649	8,511,088	8,021,079	8,209,102	10,026,387	9,216,722	9,577,793	10,189,013	10,544,151	91,164,761
Referral Specialty Services	25,541,006	24,175,932	26,067,518	27,364,943	29,514,962	29,048,662	25,977,509	26,256,618	22,742,517	24,677,307	261,366,973
Urgent Care & After Hours Advice	3,948,407	4,291,828	4,106,619	3,623,145	1,686,319	3,028,060	2,934,095	2,407,589	2,835,055	2,403,907	31,265,024
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000	9,300	9,300	9,000	9,300	91,200
<b>Total Physician Services</b>	<b>36,132,491</b>	<b>38,711,809</b>	<b>38,694,525</b>	<b>39,018,167</b>	<b>39,419,683</b>	<b>42,112,109</b>	<b>38,137,625</b>	<b>38,251,300</b>	<b>35,775,586</b>	<b>37,634,665</b>	<b>383,887,959</b>
<b>Other Professional Services</b>											
Vision Service Capitation	344,606	343,774	343,775	345,653	344,127	343,908	342,449	344,852	345,490	338,736	3,437,369
221 - Business Intelligence	211,963	188,504	191,787	186,842	193,999	194,435	203,605	188,920	211,041	223,265	1,994,361
223 - Enterprise Configuration	142,213	117,289	130,628	128,689	138,241	135,954	137,093	118,366	129,610	146,567	1,324,650
310 - Health Services - Utilization Management	826,640	762,266	757,294	734,148	748,550	710,325	791,938	758,725	881,480	918,998	7,890,363
311 - Health Services - Quality Improvement	306,121	220,471	220,433	238,693	248,061	241,982	228,544	216,012	261,284	279,131	2,460,731
312 - Health Services Education	321,705	307,110	316,293	312,444	315,011	323,825	333,163	346,379	352,281	396,952	3,325,164
313 - Pharmacy	140,301	111,951	115,447	113,186	123,215	119,553	113,809	122,168	127,755	140,020	1,227,405
314 - Enhanced Care Management	411,824	347,498	371,602	395,870	390,150	390,990	411,433	391,539	441,586	488,716	4,041,207
316 - Population Health Management	593,720	502,067	520,999	496,916	507,502	519,902	565,114	513,656	575,146	614,411	5,409,433
317 - In Lieu of Services	134,223	120,595	127,368	125,560	133,141	134,784	133,606	136,171	137,205	138,646	1,321,300
321 - Homeless Management Information Services	44,251	23,122	20,283	21,008	21,840	22,122	23,226	21,901	24,334	26,452	248,538
330 - Member Services	1,080,746	1,029,669	1,011,284	1,016,232	1,067,629	1,025,969	1,061,079	1,033,664	1,106,665	1,258,918	10,691,855
331 - Member Outreach	83,414	78,217	82,465	117,142	86,498	86,260	84,852	80,192	96,102	461,767	1,256,910
410 - Member Engagement	59,841	54,424	57,455	57,181	58,977	57,105	55,111	55,771	58,621	66,468	580,954
601 - Behavioral Health	170,807	146,523	140,152	147,490	160,019	150,152	158,413	133,836	153,441	170,830	1,531,663
602 - Quality & Health Equity	82,237	78,819	78,678	79,984	78,183	73,359	83,714	72,204	84,617	87,186	798,981
605 - Quality Performance	154,331	142,203	160,748	156,090	148,645	139,390	141,810	170,657	157,585	167,942	1,539,403
Behavior Health Treatment	3,181,908	3,355,677	2,493,778	3,786,771	2,901,828	3,914,355	3,582,170	4,843,499	3,550,384	3,670,491	35,280,861
Mental Health Services	974,251	506,210	300,821	550,412	609,128	555,723	703,273	689,979	729,471	732,954	6,352,222
Other Professional Services	2,180,697	1,568,304	2,126,040	2,241,884	2,418,598	2,383,070	1,958,620	2,518,539	2,155,116	1,965,617	21,516,485
<b>Total Other Professional Services</b>	<b>11,445,798</b>	<b>10,004,694</b>	<b>9,567,330</b>	<b>11,252,193</b>	<b>10,693,341</b>	<b>11,523,165</b>	<b>11,113,022</b>	<b>12,757,030</b>	<b>11,579,214</b>	<b>12,294,068</b>	<b>112,229,856</b>
Emergency Room	7,289,728	6,508,981	6,225,711	6,330,730	7,074,183	7,003,225	6,580,865	6,307,989	6,861,936	6,401,699	66,585,046
Inpatient Hospital	33,857,875	31,406,220	33,213,126	33,714,646	39,326,548	39,527,275	34,361,371	34,046,492	33,479,870	34,291,026	347,224,450
Reinsurance Expense Premium	269,619	269,619	269,619	240,829	271,713	255,781	260,984	262,299	262,754	258,815	2,622,031
Outpatient Hospital	16,019,765	15,697,949	14,487,044	16,762,573	14,357,942	15,379,229	15,553,674	15,218,411	17,115,477	18,608,145	159,200,209
<b>Other Medical</b>											
Ambulance and NEMT	5,965,805	7,090,416	6,724,343	5,827,057	6,396,406	6,536,276	5,807,437	5,548,491	5,936,856	5,532,616	61,365,702
Home Health Services & CBAS	1,636,266	1,531,236	1,185,227	1,395,613	1,130,422	1,646,789	1,686,511	1,887,076	1,728,134	1,730,373	15,557,647
Utilization and Quality Review Expenses	936,126	930,163	1,665,464	773,340	1,444,299	972,636	1,266,051	1,689,659	1,362,068	1,292,945	12,332,753
Long Term/SNF/Hospice	10,523,545	10,822,106	9,460,426	10,684,436	10,165,912	11,159,610	10,761,685	12,559,642	11,260,496	12,447,354	109,845,212
Provider Enhancement Expense - Prop. 56	1,801,039	1,803,328	1,805,739	1,809,345	1,813,309	1,805,939	1,807,377	1,797,523	1,778,220	1,773,309	17,995,128
Provider Enhancement Expense - GEMT	549,430	519,819	534,888	534,592	534,661	536,894	537,034	555,602	551,640	539,474	5,394,034
Enhanced Care Management	5,134,027	5,521,997	5,331,279	5,330,372	5,331,053	5,352,687	6,587,375	5,019,062	4,330,252	5,254,304	53,192,409
Community Support Services	590,845	3,824,743	4,662,690	6,140,445	5,298,573	6,510,178	4,917,304	2,803,270	3,111,631	3,143,346	41,003,024
Major Organ Transplant	542,452	574,592	534,775	537,237	541,047	533,290	731,538	344,643	533,878	532,190	5,405,643
Cal AIM Incentive Programs	275,000	188,015	390,633	125,018	90,000	-	434,367	-	-	-	1,503,032
Student Behavioral Health Incentive	-	-	-	-	-	-	-	-	1,318,248	2,916	1,321,164
Housing and Homelessness Incentive	-	-	-	-	-	200,000	1,125,000	-	-	-	1,325,000
Equity & Practice Transformation Expense	-	-	-	-	-	-	-	-	-	604,252	604,252
Distinct Part Nursing Facility Expense	1,259	1,293	1,251	1,227	1,206	1,232	1,194	1,169	1,247	1,339	12,418
DME/Rebates	2,339,823	1,958,689	1,991,312	2,331,626	2,136,985	2,389,588	2,491,164	2,500,899	2,191,326	2,194,133	22,525,544
<b>Total Other Medical</b>	<b>30,295,617</b>	<b>34,766,397</b>	<b>34,288,028</b>	<b>35,490,308</b>	<b>34,883,873</b>	<b>37,645,117</b>	<b>38,154,038</b>	<b>34,707,037</b>	<b>34,103,997</b>	<b>35,048,550</b>	<b>349,382,963</b>
Pay for Performance Quality Incentive	606,662	608,318	607,800	607,349	605,835	707,199	608,444	603,107	603,107	598,968	6,156,786
Risk Corridor Expense	-	-	-	-	-	-	-	-	1,591,081	1,117,618	2,708,699
Hospital Directed Payments	59,831,392	58,045,936	58,943,903	58,897,348	58,890,354	59,075,312	59,035,880	58,464,674	58,296,817	57,853,756	587,335,373
Hospital Directed Payment Adjustment	103,134,648	1,953,159	15,484	111,948	1,098,088	(37,127)	4,261,156	(53,169,871)	(53,406)	3,959	57,318,039
Non-Claims Expense Adjustment	(350,170)	(2,753,743)	(3,382,901)	(1,877)	(10,262,733)	(283)	99,601	6,421	1,413,996	(12,759)	(15,244,448)
IBNR, Incentive, Paid Claims Adjustment	388,615	248,637	21,094	(2,667,286)	(37,610)	(826,300)	822,578	1,343,361	482,033	(22,750)	(247,628)
<b>Total Medical Costs</b>	<b>298,922,038</b>	<b>195,467,975</b>	<b>192,950,763</b>	<b>199,756,928</b>	<b>196,321,218</b>	<b>212,364,700</b>	<b>208,989,239</b>	<b>148,798,250</b>	<b>201,512,462</b>	<b>204,075,760</b>	<b>2,059,159,333</b>

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



	January	February	March	April	May	June	July	August	September	October	Year to Date
<b>Physician Services</b>											
Primary Care Physician Services	16.40	25.24	21.00	19.81	20.33	24.77	22.72	23.82	25.41	26.34	22.58
Referral Specialty Services	63.15	59.61	64.33	67.58	73.08	71.76	64.04	65.30	56.71	61.64	64.73
Urgent Care & After Hours Advice	9.76	10.58	10.13	8.95	4.18	7.48	7.23	5.99	7.07	6.00	7.74
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
<b>Total Physician Services</b>	<b>89.34</b>	<b>95.46</b>	<b>95.49</b>	<b>96.37</b>	<b>97.60</b>	<b>104.03</b>	<b>94.02</b>	<b>95.14</b>	<b>89.21</b>	<b>94.01</b>	<b>95.07</b>
<b>Other Professional Services</b>											
Vision Service Capitation	0.85	0.85	0.85	0.85	0.85	0.85	0.84	0.86	0.86	0.85	0.85
221 - Business Intelligence	0.52	0.46	0.47	0.46	0.48	0.48	0.50	0.47	0.53	0.56	0.49
223 - Enterprise Configuration	0.35	0.29	0.32	0.32	0.34	0.34	0.34	0.29	0.32	0.37	0.33
310 - Health Services - Utilization Management	2.04	1.88	1.87	1.81	1.85	1.75	1.95	1.89	2.20	2.30	1.95
311 - Health Services - Quality Improvement	0.76	0.54	0.54	0.59	0.61	0.60	0.56	0.54	0.65	0.70	0.61
312 - Health Services Education	0.80	0.76	0.78	0.77	0.78	0.80	0.82	0.86	0.88	0.99	0.82
313 - Pharmacy	0.35	0.28	0.28	0.28	0.31	0.30	0.28	0.30	0.32	0.35	0.30
314 - Enhanced Care Management	1.02	0.86	0.92	0.98	0.97	0.97	1.01	0.97	1.10	1.22	1.00
316 - Population Health Management	1.47	1.24	1.29	1.23	1.26	1.28	1.39	1.28	1.43	1.53	1.34
317 - In Lieu of Services	0.33	0.30	0.31	0.31	0.33	0.33	0.33	0.34	0.34	0.35	0.33
321 - Homeless Management Information Services	0.11	0.06	0.05	0.05	0.05	0.05	0.06	0.05	0.06	0.07	0.06
330 - Member Services	2.67	2.54	2.50	2.51	2.64	2.53	2.62	2.57	2.76	3.14	2.65
331 - Member Outreach	0.21	0.19	0.20	0.29	0.21	0.21	0.21	0.20	0.24	1.15	0.31
410 - Member Engagement	0.15	0.13	0.14	0.14	0.15	0.14	0.14	0.14	0.15	0.17	0.14
601 - Behavioral Health	0.42	0.36	0.35	0.36	0.40	0.37	0.39	0.33	0.38	0.43	0.38
602 - Quality & Health Equity	0.20	0.19	0.19	0.20	0.19	0.18	0.21	0.18	0.21	0.22	0.20
605 - Quality Performance	0.38	0.35	0.40	0.39	0.37	0.34	0.35	0.42	0.39	0.42	0.38
Behavior Health Treatment	7.87	8.27	6.15	9.35	7.18	9.67	8.83	12.05	8.85	9.17	8.74
Mental Health Services	2.41	1.25	0.74	1.36	1.51	1.37	1.73	1.72	1.82	1.83	1.57
Other Professional Services	5.39	3.87	5.25	5.54	5.99	5.89	4.83	6.26	5.37	4.91	5.33
<b>Total Other Professional Services</b>	<b>28.30</b>	<b>24.67</b>	<b>23.61</b>	<b>27.79</b>	<b>26.48</b>	<b>28.47</b>	<b>27.40</b>	<b>31.73</b>	<b>28.87</b>	<b>30.71</b>	<b>27.79</b>
Emergency Room	18.02	16.05	15.36	15.64	17.52	17.30	16.22	15.69	17.11	15.99	16.49
Inpatient Hospital	83.72	77.44	81.97	83.27	97.37	97.65	84.71	84.68	83.48	85.65	85.99
Reinsurance Expense Premium	0.67	0.66	0.67	0.59	0.67	0.63	0.64	0.65	0.66	0.65	0.65
Outpatient Hospital	39.61	38.71	35.75	41.40	35.55	37.99	38.34	37.85	42.68	46.48	39.43
<b>Other Medical</b>											
Ambulance and NEMT	14.75	17.48	16.60	14.39	15.84	16.15	14.32	13.80	14.80	13.82	15.20
Home Health Services & CBAS	4.05	3.78	2.93	3.45	2.80	4.07	4.16	4.69	4.31	4.32	3.85
Utilization and Quality Review Expenses	2.31	2.29	4.11	1.91	3.58	2.40	3.12	4.20	3.40	3.23	3.05
Long Term/SNF/Hospice	26.02	26.69	23.35	26.39	25.17	27.57	26.53	31.24	28.08	31.09	27.20
Provider Enhancement Expense - Prop. 56	4.45	4.45	4.46	4.47	4.49	4.46	4.46	4.47	4.43	4.43	4.46
Provider Enhancement Expense - GEMT	1.36	1.28	1.32	1.32	1.32	1.33	1.32	1.38	1.38	1.35	1.34
Enhanced Care Management	12.69	13.62	13.16	13.16	13.20	13.22	16.24	12.48	10.80	13.12	13.17
Community Support Services	1.46	9.43	11.51	15.17	13.12	16.08	12.12	6.97	7.76	7.85	10.15
Major Organ Transplant	1.34	1.42	1.32	1.33	1.34	1.32	1.80	0.86	1.33	1.33	1.34
Cal AIM Incentive Programs	0.68	0.46	0.96	0.31	0.22	-	1.07	-	-	-	0.37
Student Behavioral Health Incentive	-	-	-	-	-	-	-	-	3.29	0.01	0.33
Housing and Homelessness Incentive	-	-	-	-	-	0.49	2.77	-	-	-	0.33
Equity & Practice Transformation Expense	-	-	-	-	-	-	-	-	-	1.51	0.15
Distinct Part Nursing Facility Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DME	5.79	4.83	4.91	5.76	5.29	5.90	6.14	6.22	5.46	5.48	5.58
<b>Total Other Medical</b>	<b>74.91</b>	<b>85.73</b>	<b>84.62</b>	<b>87.65</b>	<b>86.37</b>	<b>93.00</b>	<b>94.06</b>	<b>86.32</b>	<b>85.04</b>	<b>87.55</b>	<b>86.53</b>
Pay for Performance Quality Incentive	1.50	1.50	1.50	1.50	1.50	1.75	1.50	1.50	1.50	1.50	1.52
Risk Corridor Expense	-	-	-	-	-	-	-	-	3.97	2.79	0.67
Hospital Directed Payments	147.94	143.13	145.47	145.46	145.81	145.94	145.54	145.41	145.37	144.51	145.46
Hospital Directed Payment Adjustment	255.01	4.82	0.04	0.28	2.72	(0.09)	10.51	(132.24)	(0.13)	0.01	14.20
Non-Claims Expense Adjustment	(0.87)	(6.79)	(8.35)	(0.00)	(25.41)	(0.00)	0.25	0.02	3.53	(0.03)	(3.78)
IBNR, Incentive, Paid Claims Adjustment	0.96	0.61	0.05	(6.59)	(0.09)	(2.04)	2.03	3.34	1.20	(0.06)	(0.06)
<b>Total Medical Costs</b>	<b>739.10</b>	<b>481.99</b>	<b>476.19</b>	<b>493.35</b>	<b>486.08</b>	<b>524.62</b>	<b>515.22</b>	<b>370.08</b>	<b>502.48</b>	<b>509.75</b>	<b>509.96</b>

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

	October	Budget	Variance	Year to Date	Budget	Variance
110 - Executive	543,058	650,390	107,333	6,222,786	6,503,903	281,117
112 - Government Relations	59,866	62,942	3,076	556,473	629,419	72,945
210 - Accounting	513,547	370,068	(143,480)	3,667,617	3,700,675	33,058
220 - Management Information Systems (MIS)	299,787	508,775	208,987	3,123,297	5,087,745	1,964,448
221 - Business Intelligence	290,653	246,484	(44,169)	3,848,042	2,464,841	(1,383,201)
222 - MIS Development	724,603	515,722	(208,880)	5,565,028	5,157,224	(407,803)
223 - Enterprise Configuration	286,898	322,452	35,554	2,551,969	3,224,516	672,547
224 - Cyber Security	64,739	43,744	(20,996)	611,142	437,436	(173,706)
225 - Infrastructure	661,776	1,140,153	478,376	7,813,072	11,401,528	3,588,456
226 - Technical Administrative Services	52,729	94,102	41,374	619,276	941,023	321,747
230 - Claims	971,107	823,338	(147,769)	9,734,653	8,233,373	(1,501,280)
240 - Project Development	275,021	216,007	(59,014)	2,203,029	2,160,069	(42,960)
310 - Health Services - Utilization Management	57,700	50,148	(7,553)	517,475	501,476	(15,999)
311 - Health Services - Quality Improvement	9,222	11,596	2,373	80,342	115,956	35,613
312 - Health Services - Education	-	648	648	415	6,483	6,069
313 - Pharmacy	364	11,450	11,086	32,583	114,500	81,917
314 - Enhanced Care Management	25,602	22,583	(3,019)	248,455	225,826	(22,629)
316 - Population Health Management	184	2,454	2,271	1,555	24,542	22,986
317 - Community Support Services	728	3,150	2,423	52,944	31,503	(21,441)
320 - Provider Network Management	304,153	326,776	22,623	2,798,300	3,267,763	469,464
321 - Homeless Management Information Serv	500	1,854	1,354	1,781	18,542	16,761
322 - Delegation & Oversight	49,258	30,422	(18,837)	306,739	304,217	(2,522)
330 - Member Services	(202,868)	229,307	432,175	1,398,506	2,293,094	894,588
340 - Corporate Services	968,432	1,128,044	159,612	9,037,736	11,280,444	2,242,708
360 - Audit & Investigative Services	358,732	306,189	(52,543)	3,029,612	3,061,890	32,278
410 - Member Engagement	75,711	62,873	(12,838)	658,699	628,733	(29,966)
420 - Sales/Marketing/Public Relations	225,505	329,532	104,027	2,573,541	3,295,316	721,775
510 - Human Resources	404,423	460,498	56,075	4,503,377	4,604,975	101,599
520 - Legal	36,226	122,824	86,598	648,376	1,228,236	579,860
601 - Behavioral Health	-	3,350	3,350	16,722	33,500	16,778
602 - Quality & Health Equity	12,708	35,573	22,865	176,103	355,730	179,627
605 - Quality Performance	206,691	116,048	(90,643)	1,927,002	1,160,482	(766,520)
Administrative Expense Adjustment	81,156	200,000	118,844	1,134,764	2,000,000	865,236
<b>Total Administrative Expenses</b>	<b>7,358,211</b>	<b>8,449,494</b>	<b>1,091,284</b>	<b>75,661,411</b>	<b>84,494,962</b>	<b>8,833,550</b>

KHS Finance Committee Meeting, December 12, 2025

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



	January	February	March	April	May	June	July	August	September	October	YTD TOTALS
110 - Executive	682,639	453,118	564,215	590,083	706,155	707,525	649,999	586,896	739,099	543,058	6,222,786
112 - Government Relations	64,745	54,023	53,593	52,753	52,122	50,607	51,463	55,517	61,783	59,866	556,473
210 - Accounting	373,730	270,170	370,641	425,988	328,977	293,602	385,487	342,404	363,072	513,547	3,667,617
220 - Management Information Systems (MIS)	354,906	282,955	322,843	190,927	363,642	398,515	331,263	291,676	286,783	299,787	3,123,297
221 - Business Intelligence	288,258	333,566	445,959	820,670	390,607	(16,886)	564,816	516,199	214,200	290,653	3,848,042
222 - MIS Development	390,138	339,566	481,800	492,554	674,896	841,641	568,876	562,724	488,230	724,603	5,565,028
223 - Enterprise Configuration	233,790	188,775	205,405	192,961	272,681	361,934	238,908	268,167	302,450	286,898	2,551,969
224 - Cyber Security	31,621	51,523	39,996	64,290	59,425	41,757	47,881	76,238	133,671	64,739	611,142
225 - Infrastructure	767,910	644,388	845,020	1,162,292	828,314	698,614	748,388	641,138	815,232	661,776	7,813,072
226 - Technical Administrative Services	70,628	64,258	67,549	47,750	79,438	79,715	98,333	96,432	(37,555)	52,729	619,276
230 - Claims	885,033	986,246	941,807	907,411	964,739	875,316	1,599,045	793,646	810,304	971,107	9,734,653
240 - Project Development	214,035	237,465	220,963	149,624	421,861	297,080	245,517	(187,245)	328,707	275,021	2,203,029
310 - Health Services - Utilization Management	30,019	52,541	40,446	52,147	64,953	50,249	64,004	55,256	50,160	57,700	517,475
311 - Health Services - Quality Improvement	(15,100)	31,947	7,052	8,308	8,591	7,744	7,312	6,911	8,357	9,222	80,342
312 - Health Services - Education	-	-	-	-	-	246	(0)	169	(0)	-	415
313 - Pharmacy	10,795	10,500	10,500	357	(0)	67	(0)	0	(0)	364	32,583
314 - Enhanced Care Management	18,954	44,579	20,337	23,983	22,006	27,607	19,956	22,214	23,216	25,602	248,455
316 - Population Health Management	103	-	-	1,030	48	5	0	186	0	184	1,555
317 - Community Support Services	-	-	883	-	0	1,310	(0)	25,688	24,336	728	52,944
320 - Provider Network Management	297,212	274,630	285,138	289,369	327,952	266,832	289,066	188,330	275,617	304,153	2,798,300
321 - Homeless Management Information Serv	73	-	54	1,964	-	(901)	(0)	-	91	500	1,781
322 - Delegation & Oversight	50,538	1,369	26,376	45,370	45,974	36,047	(3,994)	31,710	24,090	49,258	306,739
330 - Member Services	174,446	228,649	118,453	159,275	190,289	178,853	180,533	202,243	168,633	(202,868)	1,398,506
340 - Corporate Services	1,085,693	680,455	851,850	876,263	885,564	887,141	932,377	906,946	963,014	968,432	9,037,736
360 - Audit & Investigative Services	286,424	338,436	269,614	283,804	324,297	279,420	315,648	258,896	314,342	358,732	3,029,612
410 - Member Engagement	67,809	62,520	64,681	66,137	67,561	62,705	62,404	63,798	65,372	75,711	658,699
420 - Sales/Marketing/Public Relations	139,774	226,357	228,233	118,236	308,542	369,105	630,980	136,181	190,630	225,505	2,573,541
510 - Human Resources	727,474	317,319	475,133	432,281	477,233	428,938	427,918	443,736	368,921	404,423	4,503,377
520 - Legal	35,231	100,899	142,724	118,635	47,741	53,469	46,903	33,920	32,629	36,226	648,376
601 - Behavioral Health	307	200	(0)	76	15,950	(0)	188	-	0	-	16,722
602 - Quality & Health Equity	10,624	9,938	10,083	72,665	10,603	14,026	14,276	9,651	11,529	12,708	176,103
605 - Quality Performance	212,721	179,458	198,076	193,987	183,516	171,252	176,086	211,038	194,177	206,691	1,927,002
Administrative Expense Adjustment	202,969	198,773	375,177	160,116	69,345	47,536	(308)	-	-	81,156	1,134,764
<b>Total Administrative Expenses</b>	<b>7,693,499</b>	<b>6,664,623</b>	<b>7,684,602</b>	<b>8,001,306</b>	<b>8,193,021</b>	<b>7,511,070</b>	<b>8,693,325</b>	<b>6,640,664</b>	<b>7,221,090</b>	<b>7,358,211</b>	<b>75,661,411</b>

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



<b>ASSETS</b>	<b>October 2025</b>	<b>September 2025</b>	<b>Increase/ (Decrease)</b>
Cash and Cash Equivalents	1,289,659	1,275,807	13,853
Interest Receivable	4,600	13,853	(9,253)
Other Receivable	125	125	-
<b>Total Current Assets</b>	<b>1,294,384</b>	<b>1,289,784</b>	<b>4,600</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	1,245,606	-
Increase (Decrease) in Net Position - Current Year	48,778	44,178	4,600
<b>Total Net Position</b>	<b>1,294,384</b>	<b>1,289,784</b>	<b>4,600</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>1,294,384</b>	<b>1,289,784</b>	<b>4,600</b>



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

	October	Budget	Variance	Year to Date	Budget	Variance
<b>REVENUES</b>						
Premium	-	-	-	-	-	-
Interest	4,600	-	4,600	45,868	-	45,868
Other Investment Income	-	-	-	2,911	-	2,911
<b>Total Revenues</b>	<b>4,600</b>	<b>-</b>	<b>4,600</b>	<b>48,778</b>	<b>-</b>	<b>48,778</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>4,600</b>	<b>-</b>	<b>4,600</b>	<b>48,778</b>	<b>-</b>	<b>48,778</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>4,600</b>	<b>-</b>	<b>4,600</b>	<b>48,778</b>	<b>-</b>	<b>48,778</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>4,600</b>	<b>-</b>	<b>4,600</b>	<b>48,778</b>	<b>-</b>	<b>48,778</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	JAN'25	FEB'25	MAR'25	APR'25	MAY'25	JUN'25	JUL'25	AUG'25	SEP'25	OCT'25	NOV'25	DEC'25
<b>MEDI-CAL</b>														
<b>ADULT AND FAMILY</b>														
ADULT (SEE COMMENT)	740,483		74,604	74,605	74,309	74,397	74,422	74,237	74,479	73,525	73,180	72,725	0	0
CHILD	1,667,392		167,252	167,669	167,854	167,367	165,950	166,463	166,724	166,226	165,994	165,893	0	0
<b>SUB-TOTAL ADULT &amp; FAMILY</b>	<b>2,407,875</b>		<b>241,856</b>	<b>242,274</b>	<b>242,163</b>	<b>241,764</b>	<b>240,372</b>	<b>240,700</b>	<b>241,203</b>	<b>239,751</b>	<b>239,174</b>	<b>238,618</b>	<b>0</b>	<b>0</b>
<b>OTHER MEMBERS</b>														
FULL DUALS - FAMILY	5,255		566	526	545	541	533	534	510	494	504	502	0	0
FULL DUALS - CHILD	4		0	0	0	0	0	0	0	0	0	4	0	0
<b>SUBTOTAL OTHER MEMBERS</b>	<b>5,259</b>		<b>566</b>	<b>526</b>	<b>545</b>	<b>541</b>	<b>533</b>	<b>534</b>	<b>510</b>	<b>494</b>	<b>504</b>	<b>506</b>	<b>0</b>	<b>0</b>
<b>TOTAL FAMILY</b>	<b>2,413,134</b>		<b>242,422</b>	<b>242,800</b>	<b>242,708</b>	<b>242,305</b>	<b>240,905</b>	<b>241,234</b>	<b>241,713</b>	<b>240,245</b>	<b>239,678</b>	<b>239,124</b>	<b>0</b>	<b>0</b>
<b>SPD MEMBERS</b>														
<b>SPD (AGED AND DISABLED)</b>	<b>208,803</b>		23,226	18,391	20,998	21,034	20,905	20,961	20,698	20,780	20,834	20,976	0	0
<b>OTHER MEMBERS</b>														
BCCTP - TABACCO SETTLEMENT	80		0	0	0	12	9	13	11	11	10	14	0	0
FULL DUALS - BCCTP	19		2	1	2	2	2	2	2	2	2	2	0	0
SPD FULL DUALS	255,974		23,272	27,695	25,425	25,375	25,671	25,597	25,812	25,590	25,927	25,610	0	0
EXPANDION FULL DUALS	3,458		366	333	322	326	293	357	297	367	400	397	0	0
<b>LONG TERM CARE (LTC)</b>														
LTC	519		48	52	54	52	52	46	49	51	56	59	0	0
LTC DUALS	4,550		465	467	462	451	453	443	431	429	451	498	0	0
<b>TOTAL LTC</b>	<b>5,069</b>		<b>513</b>	<b>519</b>	<b>516</b>	<b>503</b>	<b>505</b>	<b>489</b>	<b>480</b>	<b>480</b>	<b>507</b>	<b>557</b>	<b>0</b>	<b>0</b>
<b>TOTAL SPD</b>	<b>473,403</b>		<b>47,379</b>	<b>46,939</b>	<b>47,263</b>	<b>47,252</b>	<b>47,385</b>	<b>47,419</b>	<b>47,300</b>	<b>47,230</b>	<b>47,680</b>	<b>47,556</b>	<b>0</b>	<b>0</b>
<b>ACA OE - MEDI-CAL OPTIONAL EXPANSION</b>														
ACA Expansion Adult-Citizen	1,151,320		114,640	115,806	115,229	115,342	115,600	116,146	116,616	114,596	113,679	113,666	0	0
<b>TOTAL EXPANSION</b>	<b>1,151,320</b>		<b>114,640</b>	<b>115,806</b>	<b>115,229</b>	<b>115,342</b>	<b>115,600</b>	<b>116,146</b>	<b>116,616</b>	<b>114,596</b>	<b>113,679</b>	<b>113,666</b>	<b>0</b>	<b>0</b>
<b>TOTAL CLASSIC MEMBERS</b>	<b>4,037,857</b>		<b>404,441</b>	<b>405,545</b>	<b>405,200</b>	<b>404,899</b>	<b>403,890</b>	<b>404,799</b>	<b>405,629</b>	<b>402,071</b>	<b>401,037</b>	<b>400,346</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>4,037,857</b>		<b>404,441</b>	<b>405,545</b>	<b>405,200</b>	<b>404,899</b>	<b>403,890</b>	<b>404,799</b>	<b>405,629</b>	<b>402,071</b>	<b>401,037</b>	<b>400,346</b>	<b>0</b>	<b>0</b>





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## MEMORANDUM

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**TO:** Kern Health Systems Finance Committee  
**FROM:** Robert Landis, Chief Financial Officer  
**SUBJECT:** Reports on Tangible Net Equity (TNE) and Liquidity Test  
**DATE:** December 12, 2025

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Attached for your review are the following items:

- 1) TNE Report as of September 30, 2025
- 2) Liquidity Test as of September 30, 2025

**Requested Action**

Receive and File; refer to KHS Board of Directors

**KERN HEALTH SYSTEMS  
TANGIBLE NET EQUITY (TNE) AND LIQUIDITY TESTS**

	12/31/2024 ACTUAL \$	AS OF 9/30/2025 ACTUAL \$	12/31/2025 ESTIMATED \$
<b><u>TNE TEST</u></b>			
<b>CAPITAL RESERVE</b>	<b>\$ 333,567,639</b>	<b>\$ 308,684,000</b>	<b>\$ 301,185,076</b>
<b>CALCULATION OF MINIMUM TANGIBLE NET EQUITY (TNE) AMOUNT (1)</b>	<b>\$ 65,198,754</b>	<b>\$ 70,338,248</b>	<b>\$ 70,806,016</b>
<b>CAPITAL RESERVE AS % OF TNE</b>	<b>512%</b>	<b>439%</b>	<b>425%</b>
<b>CURRENT BOARD APPROVED TNE TARGET RANGE</b>	<b>500% - 600%</b>	<b>500% - 600%</b>	<b>500% - 600%</b>
<b><u>LIQUIDITY TEST</u></b>			
<b>UNRESTRICTED CASH &amp; INVESTMENT BALANCE</b>	<b>\$ 620,974,298</b>	<b>\$ 451,087,995</b>	<b>\$ 475,000,000</b>
<b>AVERAGE MONTHLY OPERATING REVENUE</b>	<b>\$ 124,612,406</b>	<b>\$ 144,509,722</b>	<b>\$ 135,570,279</b>
<b>CALCULATION OF CURRENT NUMBER OF MONTHS OF CASH &amp; INVESTMENTS (2)</b>	<b>4.98</b>	<b>3.12</b>	<b>3.50</b>
<b>CURRENT BOARD APPROVED MINIMUM LIQUIDITY RANGE</b>	<b>2-3 Months</b>	<b>2-3 Months</b>	<b>2-3 Months</b>

(1) AMOUNT BASED ON DMHC'S CALCULATION FOR MINIMUM TNE USING ANNUAL HEALTHCARE EXPENSES

(2) AMOUNT BASED ON UNRESTRICTED CASH AND INVESTMENT BALANCES DIVIDED BY AVERAGE MONTHLY OPERATING REVENUE (EXCLUDING HOSPITAL DIRECTED PAYMENTS AND MCO TAX REVENUE)



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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:** December 12, 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 September and October 2025.
- 2) Administrative Contract Report listing contracts between \$50,000 and \$200,000 for the months of September and October 2025.
- 3) IT Technology Consulting Resources Report for the period ending October 31, 2025.

**Requested Action**

Receive and File; Refer to KHS Board of Directors

# KERN·HEALTH SYSTEMS

## September AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
WT/ACH	PENN MUTUAL LIFE *****	600,000.00	600,000.00	CAP-EX FUNDING - EXECUTIVE BENEFIT PROGRAM	ADMINISTRATION
T4350	COMPUTER ENTERPRISE	458,179.67	4,377,508.12	AUG. 2025 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
WT/ACH	BCI HOLDINGS	386,366.99	7,335,525.14	SEPT. 2025 EMPLOYEE HMO HEALTH BENEFITS & RX CLAIMS PREMIUM	VARIOUS
T1408	DELL MARKETING L.P. ****	264,630.58	2,144,970.36	VLA AZURE OVERAGES MAR-JUN 2025	MIS INFRASTRUCTURE
T4737	TEKSYSTEMS, INC	253,802.90	2,179,693.18	AUG. 2025 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	187,323.90	2,170,096.62	AUG. 2025 INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T5337	CAZADOR CONSULTING GROUP INC	108,716.78	797,788.04	JUL. & AUG. 2025 TEMPORARY HELP - (9) MS; (1) ME; (1) MKT; (1) UM	VARIOUS
T6272	KEY STAFFING INC ****	107,822.23	257,315.92	JUL. & AUG. 2025 TEMPORARY HELP- (2) FINANCE; (5) MS; (1) CLAIMS; (1) COMPLIANCE; (1) CS; (1) PNM; (1) PHM; (1) HE.	VARIOUS
T5583	THE MIHALIK GROUP, LLC ****	95,677.50	167,607.50	FEB. - JUN. 2025 CONSULTING SERVICES	QUALITY IMPROVEMENT/UM
T1189	APPLE ONE EMPLOYMENT SERVICES ****	85,434.48	111,813.34	JUN. - SEPT. 2025 TEMPORARY HELP - (1) CS, (8) MS, (1) HE, (1) COMPLIANCE	VARIOUS
T4237	CITIUS HEALTHCARE CONSULTING, LLC	73,536.00	440,100.00	AUG. 2025 PROFESSIONAL SERVICES	PROJECT MANAGEMENT/ENTERPRISE CONFIGURATION
T6361	NEMT SOLUTIONS LLC ****	65,829.95	97,829.95	AUG - SEPT. 2025 NON-MEDICAL TRANSPORTATION	TECHNICAL ADMINISTRATIVE SERVICES
T5298	TOTALMED, INC ****	65,761.03	331,115.28	JUL. - SEPT. 2025 TEMPORARY HELP - (5) UM	UTILIZATION MANAGEMENT
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA ****	64,117.43	512,315.72	AUG. 2025 EMPLOYEE PREMIUM	VARIOUS
T6276	KFORCE INC	60,787.04	292,051.26	AUG. 2025 PROFESSIONAL SERVICES	VARIOUS

# KERN·HEALTH SYSTEMS

## September AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5886	US POSTAL SERVICE	60,000.00	420,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4353	TWE SOLUTIONS, INC ****	58,785.00	174,459.58	YEAR 3 OF 3 CRITICAL START MDR LICENSE	CYBER SECURITY
T5684	REBELLIS GROUP LLC	56,062.50	1,080,169.44	JUL. 2025 PROFESSIONAL SERVICES	MEDICARE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	55,897.42	663,370.36	AUG. 2025 PROFESSIONAL SERVICES & AUG. 2025 EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T5520	BG HEALTHCARE CONSULTING, INC	55,475.00	455,437.50	AUG. 2025 CONSULTING SERVICES	HEALTH SERVICES - QI
WT/ACH	PAYPRO ACH	53,282.87	379,735.12	AUG. & SEPT. 2025 EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5890	DELTA DENTAL OF CALIFORNIA	50,399.59	457,576.16	SEPT. 2025 EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T5292	ALL'S WELL HEALTH CARE SERVICES	47,984.59	1,119,900.27	AUG. 2025 TEMPORARY HELP (5) UM	VARIOUS
T1022	UNUM LIFE INSURANCE CO. ****	45,373.60	179,087.26	AUG. & SEPT. 2025 EMPLOYEE PREMIUM	VARIOUS
T4484	JACOBSON SOLUTIONS ****	45,234.57	186,085.54	JUN. - AUG. 2025 TEMPORARY HELP	CLAIMS
T4460	PAYSPAN, INC	42,716.57	466,692.90	AUG. 2025 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T6246	UNIVERSAL HEALTHCARE MSO, LLC	42,500.00	339,250.00	D-SNP ENTHRIVE BROKER PORTAL IMPLEMENTATION 1/2	CAPITAL PROJECT
T6358	KENNADAY LEAVITT PC	41,316.16	66,788.66	AUG. 2025 LEGAL FEES	LEGAL
T2584	UNITED STATES POSTAL SVC -HASLER ****	40,000.00	240,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5962	GeBBS SOFTWARE INTERNATIONAL, INC	38,500.00	118,500.00	AUG. 2025 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T5436	THE BEACON STUDIOS, LLC ****	28,814.00	50,186.62	MEDICAL DSNP TV & RADIO PROMOTION	MARKETING & PUBLIC AFFAIRS

# KERN·HEALTH SYSTEMS

## September AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T4514	AJ KLEIN, INC T. DENATALE, B. GOLDNER	28,658.50	189,304.58	AUG. 2025 LEGAL FEES	LEGAL
T6442	STALWART LAW GROUP, APC ****	28,000.00	28,000.00	SEPT. 2025 LEGAL FEES	LEGAL
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	26,290.00	263,675.00	SEPT. 2025 JANITORIAL SERVICES	CORPORATE SERVICES
T4331	COTIVITI, INC	26,124.97	90,711.91	HEDIS 2025 PMPY SOFTWARE OVERAGE 24-25	QUALITY PERFORMANCE
T6022	BAKERSFIELD AMERICAN INDIAN HEALTH PROJECT ****	25,160.85	103,173.33	JUN. - AUG. 2025 CONTRACTOR SERVICES	HEALTH EDUCATION UM
WT/ACH	SDL LIMITED ****	23,395.00	61,040.52	TRADOS SOFTWARE LICENSE	MIS INFRASTRUCTURE
T4733	UNITED STAFFING ASSOCIATES	22,130.79	407,137.26	AUG 2025 TEMPORARY HELP -(9) MS: (3) ME	VARIOUS
T1183	MILLIMAN USA ****	20,869.50	411,815.14	JUL. 2025 CONSULTING SERVICES	ADMINISTRATION
T2167	PG&E ****	20,718.18	135,432.37	AUG. 2025 UTILITIES	CORPORATE SERVICES
T3109	HEALTH INDUSTRY COLLABORATION EFFORT ****	20,000.00	26,000.00	2026 DUES	ADMINISTRATION
T6362	ARRIVE TRANSPORT SOLUTIONS LLC ****	20,000.00	40,000.00	AUG. 2025 NON-MEDICAL TRANSPORTATION	TECHNICAL ADMINISTRATIVE SERVICES
		<b>3,901,676.14</b>			
	TOTAL VENDORS OVER \$20,000	3,901,676.14			
	TOTAL VENDORS UNDER \$20,000	638,637.65			
	TOTAL VENDOR EXPENSES- SEPTEMBER	<b>\$ 4,540,313.79</b>			

Note:

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



# 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	BCI HOLDINGS	7,335,525.14	2025 EMPLOYEE HMO HEALTH BENEFITS & RX CLAIMS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE	4,377,508.12	PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
WT/ACH	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	3,253,818.56	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES -QI
T4737	TEKSYSTEMS, INC.	2,179,693.18	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	2,170,096.62	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T1408	DELL MARKETING LP.	2,144,970.36	VLA ENTERPRISE LICENSE, EA RENEWAL & COMPUTER EQUIPMENT	MIS INFRASTRUCTURE
T2704	MCG HEALTH LLC	1,672,813.17	ANNUAL HEALTH CARE MANAGEMENT & SOFTWARE LICENSE	UTILIZATION MANAGEMENT
T3130	OPTUMINSIGHT, INC.	1,482,371.30	CLAIMS EDIT SOFTWARE LICENSE YEAR 3 OF 5	MIS INFRASTRUCTURE
T5292	ALL'S WELL HEALTH CARE SERVICES	1,119,900.27	TEMPORARY HELP	VARIOUS
T5684	REBELLIS GROUP LLC	1,080,169.44	PROFESSIONAL SERVICES	MEDICARE
T2686	ALLIANT INSURANCE SERVICES INC.	962,612.89	2025-2026 INSURANCE PREMIUMS	ADMINISTRATION
T5337	CAZADOR CONSULTING GROUP INC	797,788.04	TEMPORARY HELP	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	663,370.36	PROFESSIONAL SERVICES & EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T1845	DEPARTMENT OF MANAGED HEALTH CARE	620,930.59	1ST INSTALLMENT ANNUAL ASSESSMENT 2025-2026	ADMINISTRATION
WT/ACH	PENN MUTUAL LIFE *****	600,000.00	CAP-EX FUNDING - EXECUTIVE BENEFIT PROGRAM	ADMINISTRATION

# KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5111	ENTISYS 360, E360	563,266.13	VMWARE VSPHERE ENTERPRISE PLUS 2025	TECHNICAL ADMINISTRATIVE SERVICES
T5564	CLARISHEALTH, INC	555,029.36	CONSULTING SERVICES	ADMINISTRATION
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	512,315.72	VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T3011	OFFICE ALLY, INC	479,432.52	EDI CLAIMS	CLAIMS
T4460	PAYSPAN, INC	466,692.90	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5890	DELTA DENTAL OF CALIFORNIA	457,576.16	EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T5520	BG HEALTHCARE CONSULTING, INC	455,437.50	CONSULTING SERVICES	HEALTH SERVICES - QI
T5877	TGN CONSULTING LLC	451,369.74	LEADERSHIP DEVELOPMENT CONSULTING	HUMAN RESOURCES
WT/ACH	INCOMM HEALTHCARE ACH	450,000.00	FUNDING FOR MEMBER REWARDS	MEMBER ENGAGEMENT
T4237	CITIUS HEALTHCARE CONSULTING, LLC	440,100.00	PROFESSIONAL SERVICES	PROJECT MANAGEMENT/ENTERPRISE CONFIGURATION
T2458	HEALTHCARE FINANCIAL, INC.	432,198.04	CONSULTING SERVICES	ADMINISTRATION
T5886	US POSTAL SERVICE	420,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T1183	MILLIMAN USA	411,815.14	ACTUARIAL SERVICES	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	407,137.26	TEMPORARY HELP	VARIOUS
T5340	GARTNER INC	386,099.99	EXECUTIVE PROGRAM LICENSE & 2025 ON SITE TRAINING	TECHNICAL ADMINISTRATIVE SERVICES/HUMAN RESOURCES
WT/ACH	PAYPRO ACH	379,735.12	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T6246	UNIVERSAL HEALTHCARE MSO, LLC	339,250.00	D-SNP PSA IMPLEMENTATION FEES	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
T5298	TOTALMED, INC	331,115.28	TEMPORARY HELP	VARIOUS
T5930	DAYFORCE US, INC	314,168.82	2025 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T6127	MANIFEST MEDEX	303,609.75	2025 QTR. 1 - 3 HIE SUBSCRIPTION FEE	MIS INFRASTRUCTURE
T6276	KFORCE INC	292,051.26	PROFESSIONAL SERVICES	VARIOUS
T3449	CDW GOVERNMENT	277,313.97	NUTANIX CODES, ADOBE LICENSE RENEWAL & NESSUS VULNERABILITY SCANNER TOOL	MIS INFRASTRUCTURE
T2413	TREK IMAGING INC	276,135.93	MARKETING PROMOTIONAL SUPPLIES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T1128	HALL LETTER SHOP, INC	265,204.28	M-CAL RENEWALS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS & ENVELOPES	VARIOUS
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	263,675.00	JANITORIAL SERVICES	CORPORATE SERVICES
T6272	KEY STAFFING INC	257,315.92	TEMPORARY HELP	VARIOUS
T5467	MOSS ADAMS LLP	251,157.13	AUDIT SERVICES	FINANCE
T2584	UNITED STATES POSTAL SVC. - HASLER	240,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5738	INSURICA - WALTER MORTENSEN INSURANCE	228,091.00	WORKERS COMPENSATION AUDIT	ADMINISTRATION
T2469	DST HEALTH SOLUTIONS, LLC	218,725.00	2025 ACG LICENSE FEE & SUPPORT	BUSINESS INTELLIGENCE
T6054	WEBMD IGNITE	207,239.75	2025 LICENSE FEES	HEALTH SERVICES - WELLNESS & PREVENTION
T5076	MERIDIAN HEALTH SYSTEMS, PC.	200,175.00	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
T4514	A.J. KLEIN, INC T. DENATALE, B. GOLDNER	189,304.58	LEGAL FEES	LEGAL
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	186,482.09	PMPY DUES 2025-2026	ADMINISTRATION
T4484	JACOBSON SOLUTIONS	186,085.54	TEMPORARY HELP	CLAIMS
T5121	TPX COMMUNICATIONS	183,648.67	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T1272	COFFEY COMMUNICATIONS INC.	181,278.07	WINTER ISSUE OF FAMILY HEALTH & WEBSITE ASSIST. MODULES	HEALTH SERVICES - WELLNESS & PREVENTION
T1022	UNUM LIFE INSURANCE CO.	179,087.26	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4353	TWE SOLUTIONS, INC.	174,459.58	CRITICAL START MDR SERVICES SECURITY MONITORING	CYBER SECURITY
T1097	NCQA (NATIONAL COMMITTEE FOR QUALITY ASSURANCE)	167,636.00	POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T5583	THE MILHALIK GROUP, LLC	167,607.50	CONSULTING SERVICES	HEALTH SERVICES - QI
T2941	KERN PRINT SERVICES INC.	164,770.60	OFFICE SUPPLIES	CORPORATE SERVICES
T5865	HARTE-HANKS RESPONSE MANAGEMENT/AUSTIN, INC	160,182.28	PROFESSIONAL SERVICES	MEMBER SERVICES
T4165	SHI INTERNATIONAL CO.	159,850.39	APC SMART-UPS BATTERIES SERVICE , FLEX LICENSE & SUPPORT, ENTW ON-PREMISES CALLING MAINTENANCE	MIS INFRASTRUCTURE
T4501	ALLIED UNIVERSAL SECURITY SERVICES	155,719.01	DEC. 2024-JUL. 2025 ONSITE SECURITY	CORPORATE SERVICES
T6020	ALLMED HEALTHCARE MANAGEMENT, LLC	155,272.50	2025 MEDICAL REVIEWS	HEALTH SERVICES - QI
T4657	DAPONDE SIMPSON ROWE PC	152,541.00	2025 LEGAL FEES	LEGAL

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5509	NGUYEN CAO LUU-TRONG	148,800.00	CONSULTING SERVICES	HEALTH SERVICES - UM
T5757	BITFOCUS, INC	144,951.97	HMIS LICENSES & HEALTH CHECK TRAINING	HOMELESS MANAGEMENT INFORMATION SERVICES
T5329	RELAY NETWORK, LLC	142,856.65	TEXT MESSAGING SUBSCRIPTION	CAPITAL PROJECT
T4963	LINKEDIN CORPORATION	142,532.00	2025 LEARNING HUB YEAR 1 OF 2, RECRUITMENT JOB SLOTS YEAR 1 OF 3	HUMAN RESOURCES
T1231	COUNTY OF KERN	139,145.59	REIMB M-CAL ELIGIBILITY STAFF SERVICES	MEMBER OUTREACH
T2167	PG&E	135,432.37	UTILITIES	CORPORATE SERVICES
T4785	COMMGAP	135,116.25	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T6261	RUSSELL REYNOLDS ASSOCIATES, INC	129,888.00	RECRUITMENT SERVICE FEE & ADMIN CHARGE FOR CIO ROLE	HUMAN RESOURCES
T4708	HEALTH MANAGEMENT ASSOCIATES, INC. / WAKELY CONSULTING GROUP, LLC	127,078.25	PROFESSIONAL SERVICES	FINANCE
T6179	BPM LLP	121,734.63	CONSULTING SERVICES - ERP SOFTWARE ADVISORY	FINANCE
T5480	PRESS GANEY ASSOCIATES LLC	120,442.25	2025 ECM SURVEY, MEMBER SATISFACTION SURVEY, PROVIDER SATISFACTION SURVEY, CAHPS SURVEY	VARIOUS
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	120,000.00	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES -QI
T5962	GeBBS SOFTWARE INTERNATIONAL, INC.	118,500.00	CONSULTING SERVICES	BUSINESS INTELLIGENCE
T2918	STINSON'S	117,071.52	OFFICE SUPPLIES	VARIOUS

# KERN HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1005	COLONIAL LIFE & ACCIDENT	113,882.72	LIFE INSURANCE PREMIUM	VARIOUS
T6100	SYMPLR	113,776.63	SOFTWARE LICENSE 2026/2026	HEALTH SERVICES - UM
T1189	APPLE ONE EMPLOYMENT SERVICES	111,813.34	TEMPORARY HELP	VARIOUS
T2961	SOLUTION BENCH, LLC	110,624.00	SCANFINITY ANNUAL RENEWAL 2025-2026 & M-FILES ANNUAL RENEWAL FEES 2025-2026	MIS INFRASTRUCTURE
T5967	SAI360 INC	109,825.00	PROFESSIONAL SERVICES & 2 YEAR POLICY MANAGEMENT SYSTEM	AUDIT & INVESTIGATIVE SERVICES
T4503	VISION SERVICE PLAN	107,374.06	EMPLOYEE HEALTH BENEFITS	VARIOUS
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	105,000.00	2025 MEMBER DUES	ADMINISTRATION
T5064	QUEST DIAGNOSTICS CLINICAL LABORATORIES, INC.	103,798.33	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T6022	BAKERSFIELD AMERICAN INDIAN HEALTH PROJECT	103,173.33	CONTRACTOR SERVICES	HEALTH SERVICES - UM
T5963	ANTAGE INCORPORATED	100,020.00	PROFESSIONAL SERVICES	ENTERPRISE DEVELOPMENT
WT/ACH	HELPCARE AI ACH	100,000.80	CLOUD BASED AI PLATFORM 2025- 2026	MIS INFRASTRUCTURE
T5426	UNIVERSAL HEALTHCARE SERVICES, INC	100,000.00	INITIAL 50% COMPREHENSIVE OBESITY MANAGEMENT PROGRAM	HEALTH SERVICES - UM
WT/ACH	USPS	100,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4217	CONTEXT 4 HEALTHCARE, INC	99,598.24	ANNUAL RENEWAL AMA FEES 2025-2026	MIS INFRASTRUCTURE
T6361	NEMT SOLUTIONS LLC	97,829.95	2025 NON-MEDICAL TRANSPORTATION	TECHNICAL ADMINISTRATIVE SERVICES
T5022	SVAM INTERNATIONAL INC	95,204.00	PROFESSIONAL SERVICES	VARIOUS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5863	MANNA HAGOS	94,668.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T4331	COTIVITI, INC	90,711.91	MEDICAL RECORD RETRIEVAL/ HANDLING	QUALITY PERFORMANCE
T2446	AT&T MOBILITY	86,234.77	CELLULAR PHONE/INTERNET USAGE	MIS INFRASTRUCTURE
T2969	AMERICAN BUSINESS MACHINES INC	81,082.64	HARDWARE AND MAINTENANCE	MIS INFRASTRUCTURE
T5571	GHA TECHNOLOGIES INC	80,374.17	FORTINET SECURITY	MIS INFRASTRUCTURE
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	78,910.22	2025 EDI CLAIMS	CLAIMS
T2509	UNITED STATES POSTAL SERVICE	78,365.44	PERMIT 162 SUMMER & FALL 2025 ISSUE OF FAMILY HEALTH	HEALTH SERVICES - WELLNESS & PREVENTION
T6218	CLOUDERA, INC.	77,940.10	ANNUAL RENEWAL - METADATA PLATFORM	BUSINESS INTELLIGENCE
T5319	CITIUSTECH INC.	77,666.00	FAST + MAINTENANCE & SUBSCRIPTION Q3 2024	INFRASTRUCTURE
T6202	KRAMER WORKPLACE INVESTIGATIONS	73,574.50	CONSULTING SERVICES	HUMAN RESOURCES
T6274	PANDANAI, INC	72,000.00	2025/2026 AI SOFTWARE SUBSCRIPTION	COMPLIANCE
T5850	SERRANO ADVISORS LLC	70,200.00	2025 -2027 BOARD OF DIRECTORS STRATEGIC PLANNING	ADMINISTRATION
T5562	JDM SOLUTIONS INC.	69,440.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T6215	BPO USA, P.C.	67,357.27	PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T6358	KENNADAY LEAVITT PC	66,788.66	2025 LEGAL FEES	LEGAL
T5400	CENTRO DE UNIDAD POPULAR BENITO JUAREZ, INC.	66,500.55	COMMUNITY HEALTH GRANT	GRANTS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	61,206.00	2025 ANNUAL DUES ASSESSMENT	ADMINISTRATION

# KERN•HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5275	CREATIVE FINANCIAL STAFFING, LLC	60,216.43	TEMPORARY HELP	VARIOUS
T6285	MERSMAN ENTERPRISES (MEI)	59,750.00	TGI TRAINING DEVELOPMENT CONSULTING	HEALTH EQUITY
T4960	ZELIS CLAIMS INTEGRITY, LLC	58,778.94	2025 CLAIMS EVALUATION SERVICES	CLAIMS
T5931	SPROUT SOCIAL, INC	54,000.00	2025-2026 SOCIAL MEDIA VIGILANCE MANAGEMENT	MIS INFRASTRUCTURE
T5550	CHARTER COMMUNICATIONS OPERATING, LLC	53,376.14	INTERNET SERVICES	MIS INFRASTRUCTURE
T4228	THE SSI GROUP, LLC	53,060.00	2025 EDI CLAIMS	CLAIMS
T6192	LANG SPECIALTY TRAILERS	51,676.95	MOBILE LAUNDRY TRAILER	MEMBER ENGAGEMENT
T5436	THE BEACON STUDIOS, LLC	50,186.62	VIDEO SERVICES	MARKETING & PUBLIC AFFAIRS
T5742	MICHAEL NGUYEN	47,500.00	PROFESSIONAL SERVICES	QUALITY & HEALTH EQUITY
T4607	AGILITY RECOVERY SOLUTIONS INC.	47,495.40	PROFESSIONAL SERVICES	CORPORATE SERVICES
T5109	RAND EMPLOYMENT SOLUTIONS	47,352.01	TEMPORARY HELP	VARIOUS
T5988	WASCO UNION HIGH SCHOOL DISTRICT	45,300.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH SERVICES - WELLNESS & PREVENTION
T2441	LAURA J. BREZINSKI	45,000.00	MARKETING MATERIALS	MARKETING & PUBLIC AFFAIRS
T5977	IMAGENET, LLC	45,000.00	KIOSK SERVICES	CORPORATE SERVICES
T6313	mPULSE MOBILE, INC	43,557.80	H30 PORTAL IMPLEMENTATION	CAPITAL PROJECT
T2933	SIERRA PRINTERS, INC.	42,937.40	MEMBER HANDBOOKS & FLYERS	MEMBER SERVICES/COMMUNITY SUPPORT SERVICES



# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5435	TEGRIA SERVICES GROUP - US, INC.	42,875.00	PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T2726	DST PHARMACY SOLUTIONS, INC.	42,000.00	PHARMACY CLAIMS	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION	42,000.00	PHYSICIAN'S MIXER CME SPONSORSHIP	ADMINISTRATION
T6142	GREAT PLACE TO WORK INSTITUTE, INC	41,995.00	EMPLOYEE ENGAGEMENT SURVEY ACCELERATE PACKAGE	HUMAN RESOURCES
T5398	GOLDEN EMPIRE GLEANERS	40,303.19	FOOD BASKETS FOR MEMBERS	ENHANCED CARE MANAGEMENT
T6362	ARRIVE TRANSPORT SOLUTIONS LLC	40,000.00	2025 NON MEDICAL TRANSPORT	TECHNICAL ADMINISTRATIVE SERVICES
T1918	PUBLIC RISK, INNOVATION, SOLUTIONS AND MANAGEMENT	39,154.00	MR OCIP DEDUCTIBLE LOSS FUND CONTRIBUTION	ADMINISTRATION
T4182	THE LAMAR COMPANIES	38,981.58	OUTDOOR ADVERTISEMENT - BILLBOARDS	MARKETING & PUBLIC AFFAIRS
T4993	LEGALSHIELD	38,895.10	EMPLOYEE PREMIUM	VARIOUS
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	37,600.00	2025 COMMUNITY GRANTS & RENT FOR MOJAVE & RIDGECREST OFFICES	MARKETING & PUBLIC AFFAIRS/CORPORATE SERVICES
T2787	SAGE SOFTWARE, INC.	35,968.95	SAGE 300 PREMIUM LICENSE RENEWAL	FINANCE
WT/ACH	COLABS HOLDING	35,650.00	INTEL AGREE YEAR 3	MIS INFRASTRUCTURE
T5851	ABSORB SOFTWARE NORTH AMERICA, LLC	35,953.60	DAYFORCE LEARNING LICENSE	MIS INFRASTRUCTURE
T3118	AMERICAN ACADEMY HOLDINGS LLC dba AAPC	34,440.17	2025 CPC TRAINING PACKAGE & AAPC MEMBERS	CLAIMS
T2641	MARANATHA GARDENING & LANDSCAPING, INC	34,130.00	2025 GARDENING & LANDSCAPE REPAIRS	CORPORATE SERVICES
T5321	TYK TECHNOLOGIES LTD	34,000.00	SELF MANAGED ARCHITECTURE PLAN 2024/2025	MIS INFRASTRUCTURE
T6116	SIERRA SANDS UNIFIED SCHOOL DISTRICT	34,000.00	2025-2026 ELEMENTARY SCHOOL GRANT	HEALTH SERVICES - WELLNESS & PREVENTION

# 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.	33,122.50	AC PREVENTATIVE MAINTENANCE & REPAIRS	CORPORATE SERVICES
T4766	RICHLAND SCHOOL DISTRICT	33,000.00	SCHOOL WELLNESS GRANT 2025-2026 & COMMUNITY SPONSORSHIPS	HEALTH EDUCATION/ MARKETING & PUBLIC AFFAIRS
T5159	AT&T CORP	32,749.34	INTERNET SERVICES	MIS INFRASTRUCTURE
T5627	DOCUSIGN, INC.	32,379.42	eSIGNATURE SUPPORT & (20) IAM ENTERPRISE LICENSES	MIS INFRASTRUCTURE/HUMAN RESOURCES
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	32,000.00	MARKETING - BUS ADVERTISING	MARKETING & PUBLIC AFFAIRS
T3088	GLEN BROWN CONSULTING	31,387.50	CONSULTING SERVICES	CAPITAL PROJECT
T5936	AXIOS HQ INC	30,240.00	2024/2026 COMMUNICATIONS SOFTWARE	MIS INFRASTRUCTURE
T3081	ST. VINCENT DE PAUL STORE, INC.	30,102.01	COMMUNITY HEALTH PARTNERSHIP	COMMUNITY GRANTS
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	30,000.00	2025 SPONSORSHIP	MARKETING & PUBLIC AFFAIRS
T6223	WASCO UNION ELEMENTARY SCHOOL DISTRICT	30,000.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH SERVICES - WELLNESS & PREVENTION
T5592	BRAND CO MARKETING	28,937.11	THE RACK WEB HOSTING FEE & STORE MERCHANDISE	HUMAN RESOURCES
T4934	APPLE INC.	28,795.54	COMPUTER EQUIPMENT	CAPITAL PROJECT
T6442	STALWART LAW GROUP, APC ****	28,000.00	LEGAL FEES	LEGAL
T4424	GUROCK SOFTWARE GmbH	27,611.00	HOSTED SOFTWARE RENEWAL	PROJECT MANAGEMENT
T1347	ADVANCED DATA STORAGE	27,610.91	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T5420	PAYPRO ADMINISTRATORS	27,525.20	PROFESSIONAL SERVICES	HUMAN RESOURCES
T6311	JMP OFFICE TECHNOLOGIES	27,479.02	POSTAGE METER MAINTENANCE & SUPPORT	CORPORATE SERVICES

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5887	PREPARIS INC	27,297.46	DISASTER RECOVERY	CORPORATE SERVICES
T6062	PTO EXCHANGE	26,719.33	OTHER OUTSOURCE SERVICES -TRANSACTION FEES	VARIOUS
T2938	SAP AMERICA, INC	26,584.72	2025/2026 ENTERPRISE SUPPORT & MAINTENANCE	MIS INFRASTRUCTURE
T4024	QUADIENT INC.	26,204.42	POSTAGE METER RENTAL & SUPPORT	CORPORATE SERVICES
T3109	HEALTH INDUSTRY COLLABORATION EFFORT ****	26,000.00	2026 DUES	ADMINISTRATION
T6252/WT	TRISCENDNP, LLP ****	24,070.00	CAP-EX FUNDING - EXECUTIVE BENEFIT PROGRAM	ADMINISTRATION
WT/ACH	SDL LIMITED ****	61,040.52	TRADOS SOFTWARE LICENSE	MIS INFRASTRUCTURE
T6121	JACKSON UTILIZATION MANAGEMENT CONSULTING	23,380.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UTIL. REVIEW
T5536	CALIFORNIA STATE UNIVERSITY BAKERSFIELD FOUNDATION	23,300.00	COMMUNITY SCHOLARSHIP	MARKETING & PUBLIC AFFAIRS
T2955	DELTA ELECTRIC INC.	23,091.77	ELECTRICAL REPAIR	CORPORATE SERVICES
T2578	AMERICAN STROKE ASSOC/AMERICAN HEART ASSOC WESTERN STATES	23,000.00	GO RED FOR WOMEN & HEART WALK SPONSORSHIP	MARKETING & PUBLIC AFFAIRS
T6324	CONSUELO VIDALES ****	22,908.00	MEMBER MOTP REIMBURSEMENT	MEMBER ENGAGEMENT
T4731	GO TO TECHNOLOGIES, INC	22,737.00	LOGMEIN SUBSCRIPTION RENEWAL	INFRASTRUCTURE
T4466	MENTORS MOVING & STORAGE ****	21,963.06	2025 STORAGE FEES	CORPORATE SERVICES
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA ****	21,684.51	EMPLOYEE PREMIUM	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
T5500	MAGDALENE HOPE INC	21,500.00	COMMUNITY GRANTS	MARKETING & PUBLIC AFFAIRS
T4230	COFFEE BREAK SERVICES, INC. ****	20,769.63	COFFEE SUPPLIES	CORPORATE SERVICES
T5318	CANONICAL GROUP LIMITED	20,720.00	UBUNTU PRO LICENSE & SUPPORT	INFRASTRUCTURE
T4544	BARNES WEALTH MANAGEMENT GROUP	20,280.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T2135	BAKERSFIELD CITY SCHOOL DISTRICT	20,000.00	2025-2026 ELEMENTARY SCHOOL WELLNESS GRANT	HEALTH SERVICES - WELLNESS & PREVENTION
T5511	BARTZ-ALTADONNA COMMUNITY HEALTH CENTER	20,000.00	COMMUNITY HEALTH PARTNERSHIP	COMMUNITY GRANTS
T5535	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT	20,000.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH EDUCATION
		<b>51,874,741.14</b>		
	TOTAL VENDORS OVER \$20,000	51,874,741.14		
	TOTAL VENDORS UNDER \$20,000	2,648,058.93		
	TOTAL VENDOR EXPENSES- SEPTEMBER	<b>54,522,800.07</b>		

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

# KERN·HEALTH SYSTEMS

## October AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
WT/ACH	BCI HOLDINGS	2,086,469.52	9,421,994.66	OCT. 2025 EMPLOYEE HMO HEALTH BENEFITS & RX CLAIMS PREMIUM	VARIOUS
T2686	ALLIANT INSURANCE SERVICES INC.	891,276.06	1,853,888.95	2025-2026 INSURANCE PREMIUMS - SPECIAL LIABILITY, EXCESS COMMERCIAL, AND EARTHQUAKE COVERAGE	ADMINISTRATION
WT/ACH	INCOMM HEALTHCARE ACH	800,000.00	1,250,000.00	FUNDING FOR MEMBER REWARDS	MEMBER ENGAGEMENT
T4350	COMPUTER ENTERPRISE	358,651.09	4,736,159.21	SEPT. 2025 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T4331	COTIVITI, INC	227,156.20	317,868.11	HEDIS 2025 PMPY SOFTWARE YEAR 2 OF 3	QUALITY PERFORMANCE
T2458	HEALTHCARE FINANCIAL, INC ****	217,609.33	649,807.37	MAY, JUNE., & SEPT., CONSULTING SERVICES	ADMINISTRATION
T4737	TEKSYSTEMS, INC	203,157.03	2,382,850.21	SEPT. 2025 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T1180	LANGUAGE LINE SERVICES INC.	192,480.32	2,362,576.94	SEPT. 2025 INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T4657	DAPONDE SIMPSON ROWE PC ****	128,013.50	280,554.50	AUG. 2025 LEGAL FEES	LEGAL
T3011	OFFICE ALLY, INC ****	69,858.60	549,291.12	SEPT. 2025 EDI CLAIMS	CLAIMS
T5930	DAYFORCE US, INC ****	65,226.17	379,394.99	OCT. 2025 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T6458	UPGUARD, INC ****	63,998.40	63,998.40	OCT. 2025 - OCT. 2027 CYBER SECURITY LICENSE	CYBER SECURITY

# KERN HEALTH SYSTEMS

## October AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T6272	KEY STAFFING INC	62,671.71	319,987.63	AUG., SEPT., & OCT. 2025 TEMPORARY HELP - (1) FINANCE; (3) MS; (1) CLAIMS; (1) COMPLIANCE; (1) PHM; (1) PNM; (1) HE.	VARIOUS
T5337	CAZADOR CONSULTING GROUP INC	60,357.41	858,145.45	SEPT. & OCT. 2025 TEMPORARY HELP - (9) MS; (1) ME; (1) MKT; (1) UM	VARIOUS
T5886	US POSTAL SERVICE	60,000.00	480,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	58,856.45	722,226.81	SEPT. & OCT. 2025 PROFESSIONAL SERVICES & SEPT. 2025 EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T6276	KFORCE INC	58,574.29	350,625.55	SEPT. 2025 PROFESSIONAL SERVICES	VARIOUS
T1272	COFFEY COMMUNICATIONS INC. ****	53,658.43	234,936.50	OCT. 2025 WEB ASSIST MODULES	MARKETING & PUBLIC AFFAIRS
WT/ACH	PAYPRO ACH	53,282.87	433,017.99	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T5890	DELTA DENTAL OF CALIFORNIA	49,963.82	507,539.98	OCT. 2025 EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T5171	ASPHALT DR. LLC ****	49,869.43	52,592.43	BUILDING MAINTENANCE- SEALCOAT PARKING LOT	CORPORATE SERVICES
T6358	KENNADAY LEAVITT PC	44,949.00	111,737.66	SEPT. 2025 LEGAL FEES	LEGAL
T5962	GeBBS SOFTWARE INTERNATIONAL, INC	41,500.00	160,000.00	SEPT. 2025 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T2509	UNITED STATES POSTAL SERVICE ****	39,208.28	117,573.72	WINTER 2025 ISSUE OF FAMILY HEALTH	HEALTH SERVICES - WELLNESS & PREVENTION
T5292	ALL'S WELL HEALTH CARE SERVICES	37,829.36	1,157,729.63	SEPT. 2025 TEMPORARY HELP - (4) UM	VARIOUS
T6246	UNIVERSAL HEALTHCARE MSO, LLC	36,598.04	375,848.04	REVELEER SYSTEM & CARENET HEALTH IMPLEMENTATION	CAPITAL PROJECT

# KERN·HEALTH SYSTEMS

## October AP Vendor Report Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2941	KERN PRINT SERVICES INC. ****	36,543.04	201,313.64	(300K) ENVELOPES AND 10K SMALL BOOKLETS	CORPORATE SERVICES
T5520	BG HEALTHCARE CONSULTING, INC	36,400.00	491,837.50	SEPT. 2025 CONSULTING SERVICES	HEALTH SERVICES - QI
T4460	PAYSPAN, INC	33,977.16	500,670.06	SEPT. 2025 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T1189	APPLE ONE EMPLOYMENT SERVICES	29,847.27	141,660.61	JUL.-SEPT. 2025 TEMPORARY HELP - (1) CS; (2) MS; (1) HE; (1) COMPLIANCE	VARIOUS
T6414	BAKER TILLY ADVISORY GROUP LP ****	27,844.69	43,047.38	ENTERPRISE WIDE RISK PROGRAM ASSISTANCE	COMPLIANCE
T6004	ALLIED NETWORK SOLUTIONS, INC ****	26,885.35	26,885.35	(5) APEXSQL AUDIT LICENSES 2025/2027	ENTERPRISE DEVELOPMENT
T2918	STINSON'S ****	26,389.56	143,461.08	SEPT. 2025 OFFICE SUPPLIES	VARIOUS
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	26,290.00	289,965.00	OCT. 2025 JANITORIAL SERVICES	CORPORATE SERVICES
T5298	TOTALMED, INC	25,096.37	356,211.65	SEPT. & OCT. 2025 TEMPORARY HELP - (4) UM	UTILIZATION MANAGEMENT
T2167	PG&E	24,182.01	159,614.38	SEPT. 2025 UTILITIES	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	21,189.80	200,277.06	OCT. 2025 EMPLOYEE PREMIUM	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	20,984.81	428,122.07	SEPT. & OCT. 2025 TEMPORARY HELP -(9) MS; (3) ME	VARIOUS
		<b>6,346,845.37</b>			
	TOTAL VENDORS OVER \$20,000	6,346,845.37			
	TOTAL VENDORS UNDER \$20,000	578,223.12			
	TOTAL VENDOR EXPENSES- OCTOBER	<b>\$ 6,925,068.49</b>			

Note:

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

# 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	BCI HOLDINGS	9,421,994.66	2025 EMPLOYEE HMO HEALTH BENEFITS & RX CLAIMS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE	4,736,159.21	PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
WT/ACH	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	3,253,818.56	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES -QI
T4737	TEKSYSTEMS, INC.	2,382,850.21	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1180	LANGUAGE LINE SERVICES INC.	2,362,576.94	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T1408	DELL MARKETING LP.	2,145,832.81	VLA ENTERPRISE LICENSE, EA RENEWAL & COMPUTER EQUIPMENT	MIS INFRASTRUCTURE
T2686	ALLIANT INSURANCE SERVICES INC.	1,853,888.95	2025-2026 INSURANCE PREMIUMS	ADMINISTRATION
T2704	MCG HEALTH LLC	1,672,813.17	ANNUAL HEALTH CARE MANAGEMENT & SOFTWARE LICENSE	UTILIZATION MANAGEMENT
T3130	OPTUMINSIGHT, INC.	1,482,371.30	CLAIMS EDIT SOFTWARE LICENSE YEAR 3 OF 5	MIS INFRASTRUCTURE
WT/ACH	INCOMM HEALTHCARE ACH	1,250,000.00	FUNDING FOR MEMBER REWARDS	MEMBER ENGAGEMENT
T5292	ALL'S WELL HEALTH CARE SERVICES	1,157,729.63	TEMPORARY HELP	VARIOUS
T5684	REBELLIS GROUP LLC	1,080,169.44	PROFESSIONAL SERVICES	MEDICARE
T5337	CAZADOR CONSULTING GROUP INC	858,145.45	TEMPORARY HELP	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	722,226.81	PROFESSIONAL SERVICES & EDI CLAIMS	MIS INFRASTRUCTURE/CLAIMS
T2458	HEALTHCARE FINANCIAL, INC.	649,807.37	CONSULTING SERVICES	ADMINISTRATION
T1845	DEPARTMENT OF MANAGED HEALTH CARE	620,930.59	1ST INSTALLMENT ANNUAL ASSESMENT 2025-2026	ADMINISTRATION



# 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	PENN MUTUAL LIFE	600,000.00	CAP-EX FUNDING - EXECUTIVE BENEFIT PROGRAM	ADMINISTRATION
T5564	CLARISHEALTH, INC	568,297.37	CONSULTING SERVICES	ADMINISTRATION
T5111	ENTISYS 360, E360	563,266.13	VMWARE VSPHERE ENTERPRISE PLUS 2025	TECHNICAL ADMINISTRATIVE SERVICES
T3011	OFFICE ALLY, INC	549,291.12	EDI CLAIMS	CLAIMS
T5658	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA	512,315.72	VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T5890	DELTA DENTAL OF CALIFORNIA	507,539.98	EMPLOYEE DENTAL HEALTH BENEFITS PREMIUM	VARIOUS
T4460	PAYSPAN, INC	500,670.06	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5520	BG HEALTHCARE CONSULTING, INC	491,837.50	CONSULTING SERVICES	HEALTH SERVICES - QI
T5886	US POSTAL SERVICE	480,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5877	TGN CONSULTING LLC	451,369.74	LEADERSHIP DEVELOPMENT CONSULTING	HUMAN RESOURCES
T4237	CITIUS HEALTHCARE CONSULTING, LLC	440,100.00	PROFESSIONAL SERVICES	PROJECT MANAGEMENT/ENTERPRISE CONFIGURATION
WT/ACH	PAYPRO ACH	433,017.99	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4733	UNITED STAFFING ASSOCIATES	428,122.07	TEMPORARY HELP	VARIOUS
T1183	MILLIMAN USA	420,834.89	ACTUARIAL SERVICES	VARIOUS
T5340	GARTNER INC	386,099.99	EXECUTIVE PROGRAM LICENSE & 2025 ON SITE TRAINING	TECHNICAL ADMINISTRATIVE SERVICES/HUMAN RESOURCES
T5930	DAYFORCE US, INC	379,394.99	2025 SUBSCRIPTION FEES/PROFESSIONAL SERVICES/DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T6246	UNIVERSAL HEALTHCARE MSO, LLC	375,848.04	D-SNP PSA IMPLEMENTATION FEES	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
T5298	TOTALMED, INC	356,211.65	TEMPORARY HELP	VARIOUS
T6276	KFORCE INC	350,625.55	PROFESSIONAL SERVICES	VARIOUS
T6272	KEY STAFFING INC	319,987.63	TEMPORARY HELP	VARIOUS
T4331	COTIVITI, INC	317,868.11	MEDICAL RECORD RETRIEVAL/ HANDLING	QUALITY PERFORMANCE
T6127	MANIFEST MEDEX	303,609.75	2025 QTR. 1 - 3 HIE SUBSCRIPTION FEE	MIS INFRASTRUCTURE
T5882	RELIABLE JANITORIAL SERVICES AND CARPET CLEANING INC	289,965.00	JANITORIAL SERVICES	CORPORATE SERVICES
T4657	DAPONDE SIMPSON ROWE PC	280,554.50	2025 LEGAL FEES	LEGAL
T1128	HALL LETTER SHOP, INC	280,415.28	M-CAL RENEWALS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS & ENVELOPES	VARIOUS
T3449	CDW GOVERNMENT	278,031.96	NUTANIX CODES, ADOBE LICENSE RENEWAL & NESSUS VULNERABILITY SCANNER TOOL	MIS INFRASTRUCTURE
T2413	TREK IMAGING INC	276,201.42	MARKETING PROMOTIONAL SUPPLIES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T5467	MOSS ADAMS LLP	251,157.13	AUDIT SERVICES	FINANCE
T2584	UNITED STATES POSTAL SVC. - HASLER	240,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T1272	COFFEY COMMUNICATIONS INC.	234,936.50	WINTER ISSUE OF FAMILY HEALTH & WEBSITE ASSIST. MODULES	HEALTH SERVICES - WELLNESS & PREVENTION

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5738	INSURICA - WALTER MORTENSEN INSURANCE	228,091.00	WORKERS COMPENSATION AUDIT	ADMINISTRATION
T2469	DST HEALTH SOLUTIONS, LLC	218,725.00	2025 ACG LICENSE FEE & SUPPORT	BUSINESS INTELLIGENCE
T5076	MERIDIAN HEALTH SYSTEMS, PC.	217,200.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T6054	WEBMD IGNITE	207,239.75	2025 LICENSE FEES	HEALTH SERVICES - WELLNESS & PREVENTION
T5121	TPX COMMUNICATIONS	201,787.48	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T2941	KERN PRINT SERVICES INC.	201,313.64	OFFICE SUPPLIES	CORPORATE SERVICES
T1022	UNUM LIFE INSURANCE CO.	200,277.06	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4514	A.J. KLEIN, INC T. DENATALE, B. GOLDNER	191,828.58	LEGAL FEES	LEGAL
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	186,482.09	PMPY DUES 2025-2026	ADMINISTRATION
T4484	JACOBSON SOLUTIONS	186,085.54	TEMPORARY HELP	CLAIMS
T4353	TWE SOLUTIONS, INC.	174,459.58	CRITICAL START MDR SERVICES SECURITY MONITORING	CYBER SECURITY
T5583	THE MILHALIK GROUP, LLC	168,837.50	CONSULTING SERVICES	HEALTH SERVICES - QI
T1097	NCQA (NATIONAL COMMITTEE FOR QUALITY ASSURANCE)	167,636.00	POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T5757	BITFOCUS, INC	160,611.34	HMIS LICENSES & HEALTH CHECK TRAINING	HOMELESS MANAGEMENT INFORMATION SERVICES
T5865	HARTE-HANKS RESPONSE MANAGEMENT/AUSTIN, INC	160,182.28	PROFESSIONAL SERVICES	MEMBER SERVICES
T5962	GeBBS SOFTWARE INTERNATIONAL, INC.	160,000.00	CONSULTING SERVICES	BUSINESS INTELLIGENCE
T4165	SHI INTERNATIONAL CO.	159,850.39	APC SMART-UPS BATTERIES SERVICE , FLEX LICENSE & SUPPORT, ENTW ON-PREMISES CALLING MAINTENANCE	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
T2167	PG&E	159,614.38	UTILITIES	CORPORATE SERVICES
T5329	RELAY NETWORK, LLC	157,142.36	TEXT MESSAGING SUBSCRIPTION	CAPITAL PROJECT
T4501	ALLIED UNIVERSAL SECURITY SERVICES	155,719.01	DEC. 2024-JUL. 2025 ONSITE SECURITY	CORPORATE SERVICES
T6020	ALLMED HEALTHCARE MANAGEMENT, LLC	155,272.50	2025 MEDICAL REVIEWS	HEALTH SERVICES - QI
T4785	COMMGAP	150,705.00	INTERPRETATION SERVICES	HEALTH SERVICES - WELLNESS & PREVENTION
T5509	NGUYEN CAO LUU-TRONG	148,800.00	CONSULTING SERVICES	HEALTH SERVICES - UM
T2918	STINSON'S	143,461.08	OFFICE SUPPLIES	VARIOUS
T4963	LINKEDIN CORPORATION	142,532.00	2025 LEARNING HUB YEAR 1 OF 2, RECRUITMENT JOB SLOTS YEAR 1 O HUMAN RESOURCES	
T1189	APPLE ONE EMPLOYMENT SERVICES	141,660.61	TEMPORARY HELP	VARIOUS
T1231	COUNTY OF KERN	139,145.59	REIMB M-CAL ELIGIBILITY STAFF SERVICES	MEMBER OUTREACH
T4708	HEALTH MANAGEMENT ASSOCIATES, INC. / WAKELY CONSULTING GROUP, LLC	130,308.25	PROFESSIONAL SERVICES	FINANCE
T6261	RUSSELL REYNOLDS ASSOCIATES, INC	129,888.00	RECRUITMENT SERVICE FEE & ADMIN CHARGE FOR CIO ROLE	HUMAN RESOURCES
T1005	COLONIAL LIFE & ACCIDENT	126,431.22	LIFE INSURANCE PREMIUM	VARIOUS
T6179	BPM LLP	121,734.63	CONSULTING SERVICES - ERP SOFTWARE ADVISORY	CAPITAL PROJECT
T5480	PRESS GANEY ASSOCIATES LLC	120,442.25	2025 ECM SURVEY, MEMBER SATISFACTION SURVEY, PROVIDER SATISFACTION SURVEY, CAHPS SURVEY	VARIOUS
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	120,000.00	PREFUND MEMBER INCENTIVES & MCAS MEMBER REWARDS PROGRAM	HEALTH SERVICES - WELLNESS & PREVENTION & HEALTH SERVICES -QI
T4503	VISION SERVICE PLAN	119,169.79	EMPLOYEE HEALTH BENEFITS	VARIOUS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T6100	SYMLR	117,579.13	SOFTWARE LICENSE 2026/2026	HEALTH SERVICES - UM
T2509	UNITED STATES POSTAL SERVICE	117,573.72	PERMIT 162 SUMMER & FALL 2025 ISSUE OF FAMILY HEALTH	HEALTH SERVICES - WELLNESS & PREVENTION
T5064	QUEST DIAGNOSTICS CLINICAL LABORATORIES, INC.	114,374.33	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T6358	KENNADAY LEAVITT PC	111,737.66	2025 PROFESSIONAL SERVICES	LEGAL
T2961	SOLUTION BENCH, LLC	110,624.00	SCANFINITY ANNUAL RENEWAL 2025-2026 & M-FILES ANNUAL RENEWAL FEES 2025-2026	MIS INFRASTRUCTURE
T5967	SAI360 INC	109,825.00	PROFESSIONAL SERVICES & 2 YR POLICY MANAGEMENT SYSTEM	AUDIT & INVESTIGATIVE SERVICES
T5963	ANTAGE INCORPORATED	107,230.00	PROFESSIONAL SERVICES	ENTERPRISE DEVELOPMENT
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	105,000.00	2025 MEMBER DUES	ADMINISTRATION
T6022	BAKERSFIELD AMERICAN INDIAN HEALTH PROJECT	103,173.33	CONTRACTOR SERVICES	HEALTH SERVICES - UM
WT/ACH	HELPCARE AI ACH	100,000.80	CLOUD BASED AI PLATFORM 2025- 2026	MIS INFRASTRUCTURE
T5426	UNIVERSAL HEALTHCARE SERVICES, INC	100,000.00	INITIAL 50% COMPREHENSIVE OBESITY MANAGEMENT PROGRAM	HEALTH SERVICES - UM
WT/ACH	USPS	100,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T4217	CONTEXT 4 HEALTHCARE, INC	99,598.24	ANNUAL RENEWAL AMA FEES 2025-2026	MIS INFRASTRUCTURE
T6361	NEMT SOLUTIONS LLC	97,829.95	2025 NON-MEDICAL TRANSPORTATION	TECHNICAL ADMINISTRATIVE SERVICES
T2969	AMERICAN BUSINESS MACHINES INC	96,801.08	HARDWARE AND MAINTENANCE	MIS INFRASTRUCTURE
T2446	AT&T MOBILITY	96,617.70	CELLULAR PHONE/INTERNET USAGE	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
T5022	SVAM INTERNATIONAL INC	95,204.00	PROFESSIONAL SERVICES	VARIOUS
T5863	MANNA HAGOS	94,668.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T5571	GHA TECHNOLOGIES INC	80,374.17	FORTINET SECURITY	MIS INFRASTRUCTURE
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	78,910.22	2025 EDI CLAIMS	CLAIMS
T6218	CLOUDERA, INC.	77,940.10	ANNUAL RENEWAL - METADATA PLATFORM	BUSINESS INTELLIGENCE
T5319	CITIUSTECH INC.	77,666.00	FAST + MAINTENANCE & SUBSCRIPTION Q3 2024	INFRASTRUCTURE
T6202	KRAMER WORKPLACE INVESTIGATIONS	73,574.50	CONSULTING SERVICES	HUMAN RESOURCES
T6274	PANDANAI, INC	72,000.00	2025/2026 AI SOFTWARE SUBSCRIPTION	COMPLIANCE
T5850	SERRANO ADVISORS LLC	70,200.00	2025 -2027 BOARD OF DIRECTORS STRATEGIC PLANNING	ADMINISTRATION
T5562	JDM SOLUTIONS INC.	69,440.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T4960	ZELIS CLAIMS INTEGRITY, LLC	69,305.63	2025 CLAIMS EVALUATION SERVICES	CLAIMS
T6215	BPO USA, P.C.	67,357.27	PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T5400	CENTRO DE UNIDAD POPULAR BENITO JUAREZ, INC.	66,500.55	COMMUNITY HEALTH GRANT	GRANTS
T5275	CREATIVE FINANCIAL STAFFING, LLC	65,881.60	TEMPORARY HELP	VARIOUS
T6458	UPGUARD, INC ****	63,998.40	OCT. 2025 - OCT. 2027 CYBER SECURITY LICENSE	CYBER SECURITY
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	61,206.00	2025 ANNUAL DUES ASSESSMENT	ADMINISTRATION

# 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	SDL LIMITED	61,040.52	TRADOS SOFTWARE LICENSE	MIS INFRASTRUCTURE
T6285	MERSMAN ENTERPRISES (MEI)	59,750.00	TGI TRAINING DEVELOPMENT CONSULTING	HEALTH EQUITY
T5550	CHARTER COMMUNICATIONS OPERATING, LLC	59,089.34	INTERNET SERVICES	MIS INFRASTRUCTURE
T4228	THE SSI GROUP, LLC	58,969.40	2025 EDI CLAIMS	CLAIMS
T6313	mPULSE MOBILE, INC	57,802.80	H30 PORTAL IMPLEMENTATION	CAPITAL PROJECT
T4182	THE LAMAR COMPANIES	57,221.12	OUTDOOR ADVERTISEMENT - BILLBOARDS	MARKETING & PUBLIC AFFAIRS
T5931	SPROUT SOCIAL, INC	54,000.00	2025-2026 SOCIAL MEDIA VIGILANCE MANAGEMENT	MIS INFRASTRUCTURE
T2933	SIERRA PRINTERS, INC.	53,228.38	MEMBER HANDBOOKS & FLYERS	MEMBER SERVICES/COMMUNITY SUPPORT SERVICES
T5171	ASPHALT DR. LLC ****	52,592.43	BUILDING MAINTENANCE	CORPORATE SERVICES
T4607	AGILITY RECOVERY SOLUTIONS INC.	52,244.94	PROFESSIONAL SERVICES	CORPORATE SERVICES
T6192	LANG SPECIALTY TRAILERS	51,676.95	MOBILE LAUNDRY TRAILER	MEMBER ENGAGEMENT
T5109	RAND EMPLOYMENT SOLUTIONS	50,597.08	TEMPORARY HELP	VARIOUS
T5436	THE BEACON STUDIOS, LLC	50,186.62	VIDEO SERVICES	MARKETING & PUBLIC AFFAIRS
T2441	LAURA J. BREZINSKI	50,000.00	MARKETING MATERIALS	MARKETING & PUBLIC AFFAIRS
T5977	IMAGENET, LLC	50,000.00	KIOSK SERVICES	CORPORATE SERVICES
T6116	SIERRA SANDS UNIFIED SCHOOL DISTRICT	48,000.00	2025-2026 ELEMENTARY SCHOOL GRANT	HEALTH SERVICES - WELLNESS & PREVENTION
T5742	MICHAEL NGUYEN	47,500.00	PROFESSIONAL SERVICES	QUALITY & HEALTH EQUITY

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5398	GOLDEN EMPIRE GLEANERS	45,638.20	FOOD BASKETS FOR MEMBERS	ENHANCED CARE MANAGEMENT
T5988	WASCO UNION HIGH SCHOOL DISTRICT	45,300.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH SERVICES - WELLNESS & PREVENTION
T4993	LEGALSHIELD	43,380.70	EMPLOYEE PREMIUM	VARIOUS
T6414	BAKER TILLY ADVISORY GROUP LP ****	43,047.38	ENTERPRISE WIDE RISK PROGRAM ASSISTANCE	COMPLIANCE
T5435	TEGRIA SERVICES GROUP - US, INC.	42,875.00	PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE
T2726	DST PHARMACY SOLUTIONS, INC.	42,000.00	PHARMACY CLAIMS	PHARMACY
T5012	KERN MEDICAL CENTER FOUNDATION	42,000.00	PHYSICIAN'S MIXER CME SPONSORSHIP	ADMINISTRATION
T6142	GREAT PLACE TO WORK INSTITUTE, INC	41,995.00	EMPLOYEE ENGAGEMENT SURVEY ACCELERATE PACKAGE	HUMAN RESOURCES
T6362	ARRIVE TRANSPORT SOLUTIONS LLC	40,000.00	2025 NON MEDICAL TRANSPORT	TECHNICAL ADMINISTRATIVE SERVICES
T5851	ABSORB SOFTWARE NORTH AMERICA, LLC	39,548.96	DAYFORCE LEARNING LICENSE	MIS INFRASTRUCTURE
T1918	PUBLIC RISK, INNOVATION, SOLUTIONS AND MANAGEMENT	39,154.00	MR OCIP DEDUCTIBLE LOSS FUND CONTRIBUTION	ADMINISTRATION
T2869	COMMUNITY ACTION PARTNERSHIP OF KERN	38,800.00	2025 COMMUNITY GRANTS & RENT FOR MOJAVE & RIDGECREST OFFICES	MARKETING & PUBLIC AFFAIRS/CORPORATE SERVICES
T5159	AT&T CORP	37,325.51	INTERNET SERVICES	MIS INFRASTRUCTURE
T2787	SAGE SOFTWARE, INC.	35,968.95	ACCOUNTING SOFTWARE- PREMIUM LICENSE RENEWAL	FINANCE
WT/ACH	COLABS HOLDING	35,650.00	INTEL AGREE YR 3	MIS INFRASTRUCTURE
T2641	MARANATHA GARDENING & LANDSCAPING, INC	34,525.00	2025 GARDENING & LANDSCAPE REPAIRS	CORPORATE SERVICES
T3118	AMERICAN ACADEMY HOLDINGS LLC dba AAPC	34,440.17	2025 CPC TRAINING PACKAGE & AAPC MEMBERS	CLAIMS



# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5321	TYK TECHNOLOGIES LTD	34,000.00	SELF MANAGED ARCHITECTURE PLAN 2024/2025	MIS INFRASTRUCTURE
T5201	JAC SERVICES, INC.	33,122.50	AC PREVENTATIVE MAINTENANCE & REPAIRS	CORPORATE SERVICES
T4766	RICHLAND SCHOOL DISTRICT	33,000.00	SCHOOL WELLNESS GRANT 2025-2026 & COMMUNITY SPONSORSHIPS	HEALTH EDUCATION/ MARKETING & PUBLIC AFFAIRS
T3081	ST. VINCENT DE PAUL STORE, INC.	32,594.38	COMMUNITY HEALTH PARTNERSHIP	COMMUNITY GRANTS
T5627	DOCUSIGN, INC.	32,379.42	eSIGNATURE SUPPORT & (20) IAM ENTERPRISE LICENSES	MIS INFRASTRUCTURE/HUMAN RESOURCES
T2580	GOLDEN EMPIRE TRANSIT DISTRICT	32,000.00	MARKETING - BUS ADVERTISING	MARKETING & PUBLIC AFFAIRS
T3088	GLEN BROWN CONSULTING	31,387.50	CONSULTING SERVICES	CAPITAL PROJECT
T1347	ADVANCED DATA STORAGE	30,913.85	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T5887	PREPARIS INC	30,301.40	DISASTER RECOVERY	CORPORATE SERVICES
T5936	AXIOS HQ INC	30,240.00	2024/2026 COMMUNICATIONS SOFTWARE	MIS INFRASTRUCTURE
T2135	BAKERSFIELD CITY SCHOOL DISTRICT	30,000.00	2025-2026 ELEMENTARY SCHOOL WELLNESS GRANT	HEALTH SERVICES - WELLNESS & PREVENTION
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	30,000.00	2025 SPONSORSHIP	MARKETING & PUBLIC AFFAIRS
T5535	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT	30,000.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH EDUCATION
T6223	WASCO UNION ELEMENTARY SCHOOL DISTRICT	30,000.00	SCHOOL WELLNESS GRANT 2025-2026	HEALTH SERVICES - WELLNESS & PREVENTION
T6340	CITIGUARD, INC ****	29,697.50	ONSITE SECURITY	CORPORATE SERVICES
T5592	BRAND CO MARKETING	29,602.45	THE RACK WEB HOSTING FEE & STORE MERCHANDISE	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
T4024	QUADIENT INC.	29,549.17	POSTAGE METER RENTAL & SUPPORT	CORPORATE SERVICES
T5420	PAYPRO ADMINISTRATORS	29,190.20	PROFESSIONAL SERVICES	HUMAN RESOURCES
T4934	APPLE INC.	28,795.54	COMPUTER EQUIPMENT	CAPITAL PROJECT
T6062	PTO EXCHANGE	28,634.10	OTHER OUTSOURCE SERVICES -TRANSACTION FEES	VARIOUS
T6442	STALWART LAW GROUP, APC	28,000.00	LEGAL FEES	LEGAL
T6252	TRISCENDNP, LLP	27,716.00	CAP-EX FUNDING - EXECUTIVE BENEFIT PROGRAM	ADMINISTRATION
T4424	GUROCK SOFTWARE GmbH	27,611.00	HOSTED SOFTWARE RENEWAL	PROJECT MANAGEMENT
T6311	JMP OFFICE TECHNOLOGIES	27,479.02	POSTAGE METER MAINTENANCE & SUPPORT	CORPORATE SERVICES
T4544	BARNES WEALTH MANAGEMENT GROUP	27,030.00	RETIREMENT PLAN CONSULTANTS	ADMINISTRATION
T6004	ALLIED NETWORK SOLUTIONS, INC. ****	26,885.35	(5) APEXSQL AUDIT LICENSES 2025/2027	ENTERPRISE DEVELOPMENT
T2938	SAP AMERICA, INC	26,584.72	2025/2026 ENTERPRISE SUPPORT & MAINTENANCE	MIS INFRASTRUCTURE
T3109	HEALTH INDUSTRY COLLABORATION EFFORT	26,000.00	2026 DUES	ADMINISTRATION
T6121	JACKSON UTILIZATION MANAGEMENT CONSULTING	25,620.00	PROFESSIONAL SERVICES	HEALTH SERVICES - UTIL REVIEW
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	24,362.23	EMPLOYEE PREMIUM	PAYROLL DEDUCTION
T4230	COFFEE BREAK SERVICES, INC.	24,209.08	COFFEE SUPPLIES	CORPORATE SERVICES
T5536	CALIFORNIA STATE UNIVERSITY BAKERSFIELD FOUNDATION	23,300.00	COMMUNITY SCHOLARSHIPS	MARKETING & PUBLIC AFFAIRS

# KERN·HEALTH SYSTEMS

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

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T2955	DELTA ELECTRIC INC.	23,091.77	ELECTRICAL REPAIR	CORPORATE SERVICES
T2578	AMERICAN STROKE ASSOC/AMERICAN HEART ASSOC WESTERN STATES	23,000.00	GO RED FOR WOMEN & HEART WALK SPONSORSHIP	MARKETING & PUBLIC AFFAIRS
T5656	MELODY OUTLAND ****	22,942.50	PROFESSIONAL SERVICES	HEALTH SERVICES - UM
T6324	CONSUELO VIDALES	22,908.00	MEMBER MOTP REIMBURSEMENT	MEMBER ENGAGEMENT
T4731	GO TO TECHNOLOGIES, INC	22,737.00	LOGMEIN SUBSCRIPTION RENEWAL	INFRASTRUCTURE
T4466	MENTORS MOVING & STORAGE	21,963.06	2025 STORAGE FEES	CORPORATE SERVICES
T5500	MAGDALENE HOPE INC	21,500.00	COMMUNITY GRANTS	MARKETING & PUBLIC AFFAIRS
T5318	CANONICAL GROUP LIMITED	20,720.00	UBUNTU PRO LICENSE & SUPPORT	INFRASTRUCTURE
T5759	SHELLBY ROSE P DURLAO ****	20,265.00	PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T3031	THOMSON REUTERS-WEST OR WEST, A THOMSON REUTERS BUSINESS ****	20,163.12	LEGAL TOOL SUBSCRIPTION	LEGAL
T5511	BARTZ-ALTADONNA COMMUNITY HEALTH CENTER	20,000.00	COMMUNITY HEALTH PARTNERSHIP	COMMUNITY GRANTS
		<b>58,708,754.76</b>		
	TOTAL VENDORS OVER \$20,000	58,708,754.76		
	TOTAL VENDORS UNDER \$20,000	2,721,118.97		
	TOTAL VENDOR EXPENSES- OCTOBER	<b>61,429,873.73</b>		

Note:

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
<b>January 2025</b>							
LinkedIn	\$180,900.00	Yes	HR	Devin Brown	Online Training Course Licenses	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
Adobe	\$89,807.52	Yes	IT	Cesar Delgado	Pro DC, Photoshop, InDesign, etc.	1/27/2025	12/26/2026
<b>February 2025</b>							
Sprout Social	\$54,000.00	Yes	IT	Cesar Delgado	Social Media Vigilance, social management and support	2/26/2025	2/25/2026
LifeSigns	\$120,000.00	Yes	HE	Isabel Silva	ASL Interpreting Services	2/23/2025	2/22/2027
Serrano	\$70,950.00	Yes	EXEC	Emily Duran	Professional Resources	2/24/2025	5/31/2025
The Granger Network	\$175,200.00	Yes	HR	Devin Brown	2026-2028 Strategic Plan	2/3/2025	5/31/2025
Quest Diagnostics	\$125,510.00	Yes	QP	Jake Hall	Laboratory Data	2/21/2025	2/20/2026
Serrano Advisors, LLC	\$70,950.00	Yes	EXEC	Jermy McGuire	Strategic Planning Resource	2/24/2025	5/31/2025
<b>March 2025</b>							
Health Management Associates	\$199,000.00	Yes	ACCT	Veronica Baker	Actuarial Services	3/1/2025	2/28/2026
Mersman Enterprise Inc.	\$100,000.00	Yes	HEQ	Traco Matthews	Health Equity Program	3/3/2025	12/31/2025
CDW	\$113,327.83	Yes	IT	Cesar Delgado	2 Nutanix Nodes with support & Maintenance for 3 years	3/25/2025	3/24/2028
<b>April 2025</b>							
SHI	\$110,516.75	Yes	IT	Cesar Delgado	Manage KHS inbound calls	4/15/2025	4/14/2025
Citus Healthcare	\$160,888.00	Yes	PNM	Amisha Pannu	Consulting Services -Transitional Rent Consultant	4/15/2025	9/30/2025
SHI	\$110,516.75	Yes	IT	Cesar Delgado	Cisco UCCX License Renewal	4/22/2025	4/23/2026
E360	\$158,488.00	Yes	IT	Cesar Delgado	Citrix Licensing	4/2/2025	4/2/2028
Anthony C. Dike, dba Meridian Health Systems	\$199,000.00	Yes	UM	Christine Pence	UM Authorization Reviews	4/18/2025	4/17/2026
Nguyen Luu-Trong (1099)	\$199,000.00	Yes	UM	Christine Pence	UM Authorization Reviews	4/18/2025	4/17/2026
Panda Ai	\$100,000.00	Yes	COMP	Deb Murr	Ai Compliance Tool	4/1/2025	1/31/2026
Cognizant	\$64,500.00	Yes	IT	Cesar Delgado	Zelis Payment Integrity Interface	4/21/2025	3/30/2028
<b>May 2025</b>							
Shellby Dumlao, RN	\$90,000.00	Yes	PHM	Michelle Curioso	1099 RN consultant to support the PHM department	5/16/2025	5/15/2026
<b>June 2025</b>							
Symplr	\$75,905.00	No	QP	Jake Hall	Professional Services	6/3/2025	7/31/2027
Relay Network	\$100,000.00	Yes	ME	Louie Iturriria	Text Messaging Services	6/1/2025	12/31/2025
TWE	\$115,000.00	Yes	IT	Cesar Delgado	Critical Start 24x7 Security	6/23/2025	6/22/2026
ImageNet	\$75,092.00	Yes	COSA	Josh Hosch	HRA OCR	6/19/2025	4/4/2027
WebMD Ignite	\$147,249.28	Yes	HED	Isabel Silva	Care and Digital Core Tools	6/5/2025	6/4/2026
Context4Healthcare	\$99,548.24	Yes	IT	Cesar Delgado	AMA&CPT Codes	6/27/2025	6/27/2026
Thomson Reuters	\$77,927.28	Yes	HR	Devin Brown	Practical Law Subscription	6/19/2025	6/18/2028
Precision Health Strategies	\$199,000.00	Yes	EXEC	Emily Duran	Health Services Consulting	6/23/2025	12/31/2025
<b>July 2025</b>							
Blackhawk Network, Inc.	\$195,000.00	Yes	ME	Louie Iturriria	Amendment No.3 - Extension for Member Gift Cards.	7/1/2025	6/30/2026
CDW-G	\$55,942.65	Yes	IT	Cesar Delgado	Juniper switches support	7/1/2025	7/30/2026
Bakersfield American Indian Health Project	\$90,000.00	Yes	HE	Isabel Silva	Tribal Liaison	7/1/2025	6/30/2026
CHC	\$79,200.00	Yes	HE	Isabel Silva	DEEP and DPP Program	7/1/2025	6/30/2026
Helpcare AI	\$174,000.00	Yes	IT	Cesar Delgado	AI Digital Worker Platform	7/28/2025	4/30/2026
<b>August 2025</b>							
CommGap	\$198,558.00	Yes	HED	Isabel Silva	Interpreting Services - Amendment No.1	8/18/2025	7/6/2026

Wanda Jackson	\$100,000.00	Yes	UM	Christine Pence	1099 RN	8/27/2026	9/26/2025
Manna Hagos	\$198,000.00	Yes	UM	Christine Pence	1099 MD	8/22/2025	8/21/2026
Symplr	\$72,508.40	Yes	UM	Christine Pence	Hayes Knowledge Center (Year 2)	8/1/2025	7/31/2026
<b>September 2025</b>							
Wanda Jackson	\$100,000.00	Yes	UM	Christine Pence	RN 1099	9/27/2025	9/26/2026
Melinda Doty	\$145,600.00	Yes	UM	Christine Pence	RN 1099	9/10/2025	9/9/2026
Gartner	\$112,653.34	Yes	CPL	Deb Murr	Compliance Licenses	9/1/2025	12/31/2026
<b>October 2025</b>							
Meridian Health Services	\$199,260.00	Yes	UM	Christine Pence	24/7 Physician on call	10/1/2025	3/31/2026
Integrity Advantage	\$82,292.00	Yes	CPL	Deborah Murr	FWA Support	10/1/2025	9/30/2026
Finthrive	\$197,511.00	Yes	CLM	Robin Dow Morales	Encounter Submission Platform	10/23/2025	10/22/2027
UpGuard	\$63,998.40	Yes	MIS	Cesar Delgado	Risk Assessment Tool	10/23/2025	10/22/2027
American Business Machines	\$130,000.00	Yes	MIS	Cesar Delgado	Printer Support and Maintenance	10/1/2025	9/30/2027
Kern County Public Health Department	\$196,253.00	Yes	HE	Isabel Silva	Community Health Assessment & Community Health Improvement Plan	10/1/2025	12/31/2027

## 2025 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	Behavioral Health 2025	CAP	\$ 699,218	\$ 13,613	\$ 17,810	\$ 12,845	\$ 19,978	\$ 27,358	\$ 17,370	\$ 16,720	\$ 15,397	\$ 19,920	\$ 24,623	\$ -	\$ -	\$ 185,635	\$ 513,584
2	Closed Loop Referral (CLR) Mgmnt	CAP	\$ 1,000,267	\$ 19,193	\$ 13,571	\$ 19,685	\$ 17,668	\$ 18,546	\$ 14,447	\$ 15,569	\$ 10,303	\$ 10,611	\$ 11,262	\$ -	\$ -	\$ 150,857	\$ 849,410
3	Medicare Advantage DSNP Software Modules	CAP	\$ 4,122,638	\$ 25,050	\$ 30,431	\$ 34,859	\$ 48,603	\$ 65,807	\$ 68,007	\$ 74,917	\$ 67,042	\$ 49,344	\$ 80,357	\$ -	\$ -	\$ 544,416	\$ 3,578,221
4	Accounting System Upgrade/Implementation	CAP	\$ 401,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 401,757
5	Member & Provider Portal Implementation	CAP	\$ 1,116,483	\$ -	\$ -	\$ 9,885	\$ 29,951	\$ 44,832	\$ 19,913	\$ 17,248	\$ 21,975	\$ 20,284	\$ 26,263	\$ -	\$ -	\$ 190,349	\$ 926,134
6	Member Engagement	CAP	\$ 713,511	\$ 22,472	\$ 21,934	\$ 42,365	\$ 52,079	\$ 33,257	\$ 27,791	\$ 40,058	\$ 38,008	\$ 28,288	\$ 26,999	\$ -	\$ -	\$ 333,249	\$ 380,262
7	Text Messaging - Automate and Customize	CAP	\$ 415,138	\$ 145	\$ 1,778	\$ 5,710	\$ 2,234	\$ 5,998	\$ 2,746	\$ 3,237		\$ 1,460	\$ 2,442	\$ -	\$ -	\$ 25,750	\$ 389,389
8	Webex Calling Migration	CAP	\$ 644,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 644,373
<b>Capital Totals</b>			<b>\$ 9,113,386</b>	<b>\$ 80,473</b>	<b>\$ 85,524</b>	<b>\$ 125,348</b>	<b>\$ 170,512</b>	<b>\$ 195,799</b>	<b>\$ 150,274</b>	<b>\$ 167,749</b>	<b>\$ 152,724</b>	<b>\$ 129,907</b>	<b>\$ 171,946</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,430,256</b>	<b>\$ 7,683,129</b>
9	IT Staff Augmentation	EXP	\$ 7,530,807	\$ 444,724	\$ 407,044	\$ 489,431	\$ 666,909	\$ 674,614	\$ 645,862	\$ 618,997	\$ 595,384	\$ 420,046	\$ 400,676	\$ -	\$ -	\$ 5,363,687	\$ 2,167,120
10	PM Staff Augmentation	EXP	\$ 277,624	\$ 163,713	\$ 143,280	\$ 151,971	\$ 127,243	\$ 89,468	\$ 80,766	\$ 74,765	\$ 68,562	\$ 72,995	\$ 76,091	\$ -	\$ -	\$ 1,048,853	\$ (771,229)
11	NCQA (The Mihalik Group)	EXP	\$ 350,000	\$ 17,800	\$ 22,823	\$ 32,990	\$ 14,250	\$ 23,215	\$ 2,400	\$ 1,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,708	\$ 235,293
12	DSNP (Rebellis)	EXP	\$ 3,000,000	\$ 163,994	\$ 73,994	\$ 100,875	\$ 151,681	\$ 159,513	\$ 121,925	\$ 56,063	\$ 1,056	\$ -	\$ -	\$ -	\$ -	\$ 829,100	\$ 2,170,900
<b>Operating Expense Totals</b>			<b>\$ 11,158,431</b>	<b>\$ 790,231</b>	<b>\$ 647,140</b>	<b>\$ 775,267</b>	<b>\$ 960,083</b>	<b>\$ 946,809</b>	<b>\$ 850,953</b>	<b>\$ 751,054</b>	<b>\$ 665,003</b>	<b>\$ 493,041</b>	<b>\$ 476,767</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,356,347</b>	<b>\$ 3,802,083</b>