



KERN HEALTH SYSTEMS

FINANCE COMMITTEE MEETING

Friday, April 7, 2023

at

8:00 a.m.

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

For more information, call (661) 664-5000

AGENDA

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, April 7, 2023

8:00 A.M.

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

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

COMMITTEE TO RECONVENE

Members: Martinez, Garcia, McGlew, Watson

ROLL CALL:

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

STAFF RECOMMENDATION SHOWN IN CAPS

PUBLIC PRESENTATIONS

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

COMMITTEE MEMBER ANNOUNCEMENTS OR REPORTS

- 2) On their own initiative, Committee members may make an announcement or a report on their own activities. They may ask a question for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda (Government Code Section 54954.2(a)(2))
- CA-3) Minutes for Kern Health Systems Finance Committee meeting on February 10, 2023 -
APPROVE
- 4) Report by Daniells Phillips Vaughan & Bock on the audited financial statements of Kern Health Systems for the year ending December 31, 2022 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 5) Proposed 2023 Budget changes relating to MCO Tax and Hospital Directed Payments (Fiscal Impact to Net Position: None) –
APPROVE; REFER TO KHS BOARD OF DIRECTORS
- 6) Report on Kern Health Systems Financial Statements for December 2022 and January 2023 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS
- 7) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for December 2022 and January 2023 and IT Technology Consulting Resources for the period ended December 31, 2022 (Fiscal Impact: None) –
RECEIVE AND FILE; REFER TO KHS BOARD OF DIRECTORS

ADJOURN TO FRIDAY, JUNE 10, 2023 AT 8:00 A.M.

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

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

SUMMARY

FINANCE COMMITTEE MEETING

KERN HEALTH SYSTEMS
2900 Buck Owens Boulevard
Bakersfield, California 93308

Friday, February 10, 2023

8:00 A.M.

COMMITTEE RECONVENED

Members: Martinez, Garcia, McGlew, Watson

ROLL CALL: ALL PRESENT

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

- 1) Finance Committee Resolution to Allow Virtual Committee Meeting Participation Pursuant to Government Code Section 54953 (Fiscal Impact: None) - APPROVED
McGlew-Martinez: All Ayes

PUBLIC PRESENTATIONS

- 2) 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

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

NO ONE HEARD

- CA-4) Minutes for Kern Health Systems Finance Committee meeting on December 9, 2022-
APPROVED

McGlew-Martinez: All Ayes

- 5) Report on Kern Health Systems Investment Portfolio for the Fourth Quarter Ending December 31, 2022 (Fiscal Impact: None) – IRA COHEN, UBS FINANCIAL SERVICES, INC., HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Watson: All Ayes

- 6) Report on 2022 Annual Review of the Kern Health Systems Investment Policy (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Watson: All Ayes

- 7) Request to change the previously approved 2023 reinsurance carrier from HM Life Insurance back to the current 2022 carrier IOA Re (2023 Fiscal Impact: \$1,122,917; \$914,969 Budgeted; \$207,948 Not Budgeted) – KATHRYN BOWEN, ARTHUR J. GALLAGHER & CO., HEARD; APPROVED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Watson: All Ayes

- 8) Report on 2022 Annual Travel Report (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Watson: All Ayes

- 9) Report on 2022 Annual Report of Disposed Assets (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

Watson-McGlew: All Ayes

- 10) Review of Kern Health Systems Cyber Insurance Policy (Fiscal Impact: None) – CHRIS TOBIN, ALLIANT INSURANCE SERVICES, HEARD; RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Garcia: All Ayes

- 11) Review of 2022 Budgeted Capital Projects scheduled to be completed in 2023 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS

McGlew-Watson: All Ayes

SUMMARY

Finance Committee Meeting
Kern Health Systems

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2/10/2023

- 12) Report on Kern Health Systems Financial Statements for November 2022 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
McGlew-Watson: All Ayes

- 13) Report on Accounts Payable Vendor Report, Administrative Contracts between \$50,000 and \$200,000 for November 2022 and IT Technology Consulting Resources for the period ended November 30, 2022 (Fiscal Impact: None) – RECEIVED AND FILED; REFERRED TO KHS BOARD OF DIRECTORS
Watson-McGlew: All Ayes

ADJOURN TO FRIDAY, APRIL 7, 2023 AT 8:00 A.M.



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 7, 2023

Re: Report by Daniells Phillips Vaughan & Bock Regarding the 2022 Audit

Attached for your review are the December 31, 2022 audited financial statements for Kern Health Systems. The scope of the audit comprises the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, and the related notes to the financial statements. Representatives from the accounting firm Daniells Phillips Vaughan & Bock will be providing a report on the 2022 audit.

Requested Action

Receive and File; Refer to KHS Board of Directors.



KERN HEALTH SYSTEMS

FINANCIAL REPORT
December 31, 2022



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NANCY C. BELTON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kern Health Systems
Bakersfield, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Kern Health Systems**, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise **Kern Health System's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of **Kern Health Systems**, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension (asset) liability and schedules of pension contributions on pages 4-13 and 43-46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023 on our consideration of **Kern Health Systems'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Kern Health Systems'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Kern Health Systems'** internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 29, 2023

KERN HEALTH SYSTEMS

Management's Discussion and Analysis

Our discussion and analysis of Kern Health Systems' ("KHS", "We", "Us", "Our") financial performance provides an overview of KHS' financial activities for the calendar years ended December 31, 2022 and 2021. Presentation of balances in the financial tables may differ from prior periods. Account balances have been reclassified to better present financial categories. Please read the discussion and analysis in conjunction with the KHS financial statements, which begin on page 14.

Overview:

KHS is a County health authority established for the purpose of providing health care services to meet the health care needs of low-income families and individuals in Kern County, California. As a managed care health plan, KHS manages health care services for an enrolled population that qualifies for Medi-Cal, which is California's Medicaid health care program. Medicaid was established in 1965 under the U.S. Social Security Act to provide health care and long-term care services and support to low-income Americans. Although jointly funded by federal and state governments, Medicaid is a state-operated and state-implemented program. Subject to federal laws and regulations, states have significant flexibility to structure their own programs in terms of eligibility, benefits, delivery of services, and provider payments. The Department of Health Care Services ("DHCS") is the single state agency responsible for administering Medi-Cal. In 2022 and 2021, KHS received over 99% of its operating revenue from the State of California. KHS is committed to continually improving the quality of care and service to its members, and to help them access the right care at the right time in the appropriate setting.

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

In general, KHS members are required to use the KHS provider network to receive care. KHS contracts with various health care providers for the provision of medical care services to its members. The provider network consists of primary and specialty care physicians, hospitals, ancillary providers and pharmacies. Primary Care Physicians (PCPs) along with Physician Assistants and Nurse Practitioners play an integral role in coordinating and managing the care of KHS members by delivering preventive services as well as referring members to other providers for medically necessary services. PCPs are typically trained in internal medicine, pediatrics, family practice and general practice. KHS compensates most of its providers on a fee for services basis. Under fee for service arrangements, KHS retains the financial responsibility for medical care provided and incurs costs based on the actual utilization of services. Additionally, KHS works with the provider network to operate efficiently by providing financial and utilization information, physician and patient educational programs, and disease and medical management programs. In 2022 and 2021, KHS paid approximately 86% and 92%, respectively, of its revenue to providers.

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

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

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

Financial Highlights:

- ❖ Our net position increased in 2022 by \$71,279,986 or approximately 28.8% while in 2021 our net position increased by \$20,390,142 or 9.0%.
- ❖ Our Medi-Cal enrollment growth showed an average monthly increase of approximately 32,100 members or 11.1% in 2022 compared to 2021. This compared to an average monthly increase of approximately 26,700 members or 10.2% in 2021 compared to 2020. The increase in average monthly membership was due largely to the State not performing Medi-Cal redeterminations as a result of the COVID-19 Public Health Emergency (PHE) and increased eligibility as a result of the ongoing PHE.
- ❖ We have a capitated arrangement required by the California Department of Health Care Services (DHCS) with another health plan which allows for that plan to provide health care services for assigned members. Assigned membership to this other health plan was 14,635 members at the end of 2022 compared to 12,692 members at the end of 2021. The premium revenue earned for this population was \$33.5 million and \$32.3 million for the years ended December 31, 2022 and 2021, respectively. As we have no obligation to provide care for this population, the Premiums earned amount reported for the years ended December 31, 2022 and 2021 is net of the \$33.2 million and \$32.2 million, respectively, of associated capitated expense and the member months shown have been adjusted to remove capitated member months.
- ❖ We reported an operating income of \$74,571,133 or \$19.35 PMPM in 2022 and operating income of \$28,457,987 or \$8.20 PMPM in 2021. The increase in operating income in 2022 is primarily due to increased membership in 2022 resulting from the paused Medi-Cal redetermination process. In addition, there was a decrease in Inpatient Hospital utilization on a per member per month basis in 2022 from 2021 attributed to reductions in admissions due to COVID-19 and the focus of KHS' medical management team to reduce hospital admissions and readmissions through the performance of case management.
- ❖ Managed Care Organization (MCO) Tax Revenues of \$124,665,083 or \$32.36 PMPM are included in premiums earned in 2022 and \$119,594,632 or \$34.48 PMPM in 2021. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax methodology changed from a 3.9375% of premium revenue to a fixed PMPM rate. The rate was \$33.50 PMPM for the period January 1, 2022 to December 31, 2022 and \$33.08 PMPM for the period January 1, 2021 to December 31, 2021. The tax amounts are based on projected membership and MCO expense is payable quarterly. MCO Tax Expense is reported as an operating expense and was \$124,658,814 or \$32.35 PMPM in 2022 and \$112,821,118 or \$32.53 PMPM in 2021.
- ❖ The net increase in nonoperating income of \$4,776,698 between 2022 and 2021 is primarily attributable to a decrease in Community grant expense in 2022 compared to 2021. In 2021, KHS had increased the amounts of Community grants awarded to assist providers with the implementation of the requirements under the CalAIM initiative which began January 2022. Additionally, the increase in nonoperating income was the result of additional investment and other income earnings due to higher investment balances along with higher interest rates experienced by our investment portfolio in 2022 compared to 2021. We reported Community grant expense of \$4,759,612 or \$1.23 PMPM in 2022 compared to \$7,895,437 or \$2.28 PMPM in 2021. We reported investment and other income of \$1,468,465 in 2022 or \$0.38 PMPM and investment and other income (expense) of (\$172,408) or (\$0.05) PMPM in 2021.

- ❖ We continued with provider quality incentive programs and reported expenses of approximately \$5.8 million in 2022 to reward providers who demonstrate improved Managed Care Accountability Set (MCAS) outcomes.

Operational Highlights:

Kern Health Systems experienced a transitional year with a change in leadership, increase in membership, and expanded areas of responsibility. While fulfilling our organizational mission and maintaining efficient operations, the following projects and activities were implemented in 2022:

- ❖ Members of our Board of Directors selected a new Chief Executive Officer and a successful transition of leadership occurred in July 2022.
- ❖ Telehealth services were expanded according to the DHCS guidance on telehealth flexibility for services rendered to KHS members for all covered benefits including behavioral health, home health, physical therapy, and autism therapy. KHS allowed both synchronous, interactive audio and telecommunications systems and asynchronous store and forward telecommunications systems, thereby allowing both virtual and telephonic communication. DHCS is now considering telehealth as a permanent benefit to provide an additional mode of service delivery to increase access and timeliness.
- ❖ As a part of the State's overarching home and community-based services (HCBS) spending plan, DHCS launched the Housing and Homelessness Incentive Program (HHIP). HHIP aims to prevent and reduce homelessness and housing instability and insecurity by addressing social determinants of health while improving health outcomes and accessibility to whole-person care for those who are a part of the Medi-Cal population and simultaneously experiencing or at risk of being homeless. KHS continues to work with contracted entities comprised of 13 network providers and community-based organizations to support 19 housing and homelessness service delivery projects. These projects range from Street Medicine, Mental and Behavioral Health Support Services, Prevention & Diversion, Non-Congregate Shelters & Expanding Emergency Shelters for Youth, Adults, and Families, and Permanent Housing for Youth, Adults, and Families. These projects demonstrated a commitment to address inequities and disparities in homeless populations and achieve equitable provision of wrap-around services for those who are disproportionately impacted by homelessness, are at-risk of homelessness, experiencing housing instability, and/or recidivated to homelessness.
- ❖ We implemented six (6) Community Supports Services, (CSS), Housing Transition Navigation, Housing Deposits, Housing Tenancy and Sustaining Services, Recuperative Care (Medical Respite), Asthma Remediation, and Short-Term Post Hospitalization Housing. Participated with a community-based organization network to coordinate resources to address social determinants of health.
- ❖ We expanded the Transitional Care Program focus to reduce preventable hospital readmissions, coordinate care, and address any unidentified needs during the post-acute discharge planning. Additionally, completed placement of a physician led team in local hospital to evaluate members and provide alternatives to admission as an Emergency Room Diversion program for the prevention of unnecessary admissions.
- ❖ We created a Population Health Management (PHM) program that addresses individuals' health needs across the continuum of care using tailored health solutions focusing on specific conditions such as Diabetes, Chronic Obstructive Pulmonary Disease (COPD), Palliative Care, and Medication Therapy Management.

- ❖ We initiated a new School Wellness Grant Program cycle with seven (7) schools awarded within five (5) school districts. The goal of this program builds upon KHS' efforts to engage students, families and community partners in activities that promote and support the physical, social, emotional, and behavioral health and wellbeing of students and their families.
- ❖ We continued to implement virtual health education classes on Diabetes Prevention, Asthma Management, Nutrition Education and Tobacco Cessation Programs focused on lifestyle changes.
- ❖ We implemented Community Health Worker services under the KHS benefit coverage to administer preventive health services to prevent disease, disability, and other health conditions or their progression; to prolong life; and promote physical and mental health through screening and assessments, health navigation, and support and advocacy delivered to the member's home or other clinical setting.
- ❖ Planning was initiated to implement Doula services as a new preventative service under KHS benefit coverage on January 1, 2023. Doula services include personal support to women and families throughout a woman's pregnancy, childbirth, and postpartum experience. This includes emotional and physical support, provided during pregnancy, labor, birth, and the postpartum period.
- ❖ Planning was initiated to implement Dyadic Services as a new preventative service under KHS benefit coverage on January 1, 2023. Dyadic services are a family-and caregiver-focused model of care intended to address developmental and behavioral health conditions of children as soon as they are identified, and that fosters access to preventive care for children, rates of immunization completion, coordination of care, child social-emotional health and safety, developmentally appropriate parenting, and maternal mental health.
- ❖ We continued the Asthma Mitigation Project in partnership with the Central California Asthma Collaborative. Program is targeted at helping members with poorly controlled asthma better manage their disease to prevent emergency room visits and hospitalizations.
- ❖ We continued to offer the Baby Steps Program to educate pregnant and postpartum members on the importance of accessing timely and routine care. Monthly outreach calls and health guides are conducted which includes information on pregnancy milestones, resources. Considerations for the expansion of this program includes high-risk pregnancy management and education.
- ❖ We successfully developed and implemented COVID Vaccine Incentive Programs (both member and provider) that increased member awareness and promoted vaccinations with the goal of increasing the vaccination rates for our members.
- ❖ We implemented strategies to increase utilization of preventative care to achieve the revised targeted goals for the Managed Care Accountability Set (MCAS) measures. Such strategies include ongoing member and provider education, member outreach and use of provider and member incentives to encourage utilization of qualified preventative services under the Program.
- ❖ We transitioned all Major Organ Transplant financial and care coordination under KHS benefit structure with shared responsibilities between the Health Services departments (Utilization Management and Population Health).
- ❖ We restructured the Population Health Management department to include team focused approached to managing and coordinating services for Long Term Care, Complex and Basic Care Management, through a data driven risk stratification, predictive analytics, and standardized assessment process.
- ❖ We started readiness assessment of KHS' preparedness for both Health Plan and Health Equity accreditation through the National Committee for Quality Assurance (NCQA).

- ❖ We received NCQA certification of KHS' Health Effectiveness Data and Information Set (HEDIS) Compliance Audit.
- ❖ KHS convened with several stakeholders in Kern County, including local education and behavioral health agencies, to collectively identify specific school districts, student populations, and interventions to build infrastructure and support behavioral services on or near campuses. A county-wide Behavioral Health Needs Assessment and Project plan was submitted to DHCS for approval to secure \$13.2 million over three years available under the Student Behavioral Health Incentive Program (SBHIP).
- ❖ We created training for Discrimination Review Committee to increase cultural sensitivity and awareness for participants.
- ❖ We processed an additional 400,000 claims in 2022 compared to 2021 volume without having a significant impact on staffing due to increased system efficiency.
- ❖ We successfully transitioned Mandatory Managed Care Enrollment members from Medi-Cal Fee-for-Service into KHS along with expanding our service area to Ridgecrest.
- ❖ We transitioned funding for Housing Case Management under the ECM-CSS program to afford KHS members an opportunity to exit homelessness and receive safe and affordable housing services. KHS has contracted with the Housing Authority of the County of Kern to be a Community Supports Provider for Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy and Sustaining Services.
- ❖ The enhanced Care Management (ECM) program went effective January 1, 2022 with nine HHP programs that transitioned to the ECM and the Kern Medical Whole Person Care Program that was transition to KHS as a new ECM program. We also transitioned the two distributive model ECM programs in which the KHS ECM staff was conducting the care coordination service.
- ❖ We implemented Phase 1 of the CalAIM Incentive Payment Program (IPP) is intended to support the implementation and expansion of Enhanced Care Management (ECM) and Community Support Services (CSS) by incentivizing managed care plans (MCPs), to invest in provider capacity and delivery system infrastructure; bridge current silos across physical and behavioral health care service delivery; reduce health disparities and promote health equity; achieve improvements in quality performance; and encourage take-up of Community Support Services. KHS approved \$14.2 million dollars in incentive funds to expand our ECM and CSS programs.
- ❖ We administered several Alternative Payment Methodologies ("APM") within provider contracts that focus on quality care coordination and cost reduction strategies. KHS has realized reductions in utilization expenses along with reductions in readmissions.
- ❖ We migrated e-mail and other communications tools to the Microsoft Cloud to increase availability and reduce data center footprint.
- ❖ We purchased and started using Data Lineage tools to map all data sources for reporting and analytics transparency.
- ❖ We started the Member Engagement strategy and discovery session with Microsoft to build a roadmap for KHS to maximize member engagement opportunities more real-time.
- ❖ We continue to retire BizTalk (legacy EDI system) and migrate previously developed data transformations to the Edifecs platform.

- ❖ We processed and submitted 3,403,951 encounters to DHCS with a 99.98% acceptance rate with a value of \$709,097,728.
- ❖ We donated over \$224,000 in sponsorships to 88 different non-profits, community-based organizations, or community events. Since these community partners serve many of the same constituents, many of our members will receive assistance from our sponsorships.
- ❖ We awarded over \$400,000 in grants to support seven public schools and 72 community organizations to implement both school-based and community-based programs throughout Kern County.
- ❖ We optimized the Kern County Workforce Innovation and Opportunity Act (WIOA) OJT Program completing the year as the top employer in the program for the third year in a row, completing 58 OJT contracts that resulted in \$337,570 of returned wages to KHS in grant funds from the State of California.
- ❖ We successfully completed the KHS employee return to work project, post the height of the COVID pandemic.

Using this Annual Report

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

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

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

The Statements of Cash Flows

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

Condensed Financial Information**Statements of Net Position**

KHS' net position is the difference between its assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as reported in the Statement of Net Position. Our net position increased in 2022 and 2021 by \$71,279,986 and \$20,390,142, respectively. Our Statements of Net Position as of December 31, 2022, 2021, and 2020 are as follows:

	2022	2021	2020
Assets			
Cash and cash equivalents	\$ 99,137,387	\$ 90,414,348	\$ 74,866,934
Investments	317,979,108	195,789,809	169,078,187
Premiums receivable	102,277,912	113,480,033	97,593,440
Hospital directed payments receivable	436,815,601	318,427,442	195,667,272
Other current assets	6,253,364	10,266,007	5,169,830
Capital assets, net	64,448,762	65,520,345	68,655,076
Other assets	2,152,854	2,646,723	5,527,956
Total Assets	<u>\$1,029,064,988</u>	<u>\$ 796,544,707</u>	<u>\$ 616,558,695</u>
Deferred Outflows of Resources			
	<u>\$ 8,154,860</u>	<u>\$ 3,665,821</u>	<u>\$ 3,018,341</u>
Liabilities			
Accrued medical expenses payable	\$ 227,819,775	\$ 187,168,103	\$ 153,291,888
Hospital directed payments payable	436,633,259	318,427,442	195,667,272
Accrued expenses	43,561,728	41,800,341	35,012,634
Net pension liability	10,218,206	-	8,432,377
Total Liabilities	<u>\$ 718,232,968</u>	<u>\$ 547,395,886</u>	<u>\$ 392,404,171</u>
Deferred Inflows of Resources			
	<u>\$ 230,571</u>	<u>\$ 5,338,319</u>	<u>\$ 86,684</u>
Net Position			
Net investment in capital assets	\$ 64,448,762	\$ 65,520,345	\$ 68,655,076
Restricted	300,000	300,000	300,000
Unrestricted	254,007,547	181,655,978	158,131,105
Total Net Position	<u>\$ 318,756,309</u>	<u>\$ 247,476,323</u>	<u>\$ 227,086,181</u>

KHS' net position for 2022, 2021, and 2020 exceeded all regulatory requirements for Tangible Net Equity (TNE).

Statements of Revenues, Expenses and Changes in Net Position

Operating results and changes in our net position show an increase in net position of \$71,279,986 and \$20,390,142 for the years ended December 31, 2022 and 2021, respectively. The increases are made up of various components as outlined below:

	2022	2021	2020	2022	2021	2020
Enrollment						
Total member months				4,017,909	3,611,036	3,266,674
Less non-risk capitated member months				(165,042)	(142,638)	(118,205)
Net member months				<u>3,852,867</u>	<u>3,468,398</u>	<u>3,148,469</u>
Average monthly members				321,072	289,033	262,372
	Per Member Per Month in Dollars *					
Operating Revenue						
Premiums earned	\$ 1,122,478,180	\$ 1,086,542,811	\$ 936,247,761	\$ 291.34	\$ 313.27	\$ 297.37
Hospital directed payments earned	264,306,595	243,729,688	56,137,431	68.60	70.27	17.83
Other operating revenue	497,807	-	261,987	0.13	-	0.07
Total operating revenue	<u>1,387,282,582</u>	<u>1,330,272,499</u>	<u>992,647,179</u>	<u>360.07</u>	<u>383.54</u>	<u>315.27</u>
Operating Expenses						
Medical and hospital	856,089,001	891,828,161	770,310,287	222.21	257.13	244.66
Hospital directed payments	264,639,751	242,717,835	55,897,946	68.69	69.98	17.75
MCO premium tax	124,658,814	112,821,118	100,919,574	32.35	32.53	32.05
Administrative	60,258,858	47,239,327	46,280,714	15.64	13.62	14.70
Depreciation	7,065,025	7,208,071	5,034,208	1.83	2.08	1.60
Total operating expenses	<u>1,312,711,449</u>	<u>1,301,814,512</u>	<u>978,442,729</u>	<u>340.72</u>	<u>375.34</u>	<u>310.76</u>
Operating income	<u>74,571,133</u>	<u>28,457,987</u>	<u>14,204,450</u>	<u>19.35</u>	<u>8.20</u>	<u>4.51</u>
Nonoperating Revenue (Expenses)						
Investment and other income (expense)	1,468,465	(172,408)	2,508,382	0.38	(0.05)	0.80
Community grants	(4,759,612)	(7,895,437)	(4,319,024)	(1.23)	(2.28)	(1.37)
Total nonoperating revenue (expenses)	<u>(3,291,147)</u>	<u>(8,067,845)</u>	<u>(1,810,642)</u>	<u>(0.85)</u>	<u>(2.33)</u>	<u>(0.57)</u>
Changes in net position	71,279,986	20,390,142	12,393,808	18.50	5.87	3.94
Net position, beginning	<u>247,476,323</u>	<u>227,086,181</u>	<u>214,692,373</u>	<u>64.23</u>	<u>65.47</u>	<u>68.19</u>
Net position, ending	<u>\$ 318,756,309</u>	<u>\$ 247,476,323</u>	<u>\$ 227,086,181</u>	<u>\$ 82.73</u>	<u>\$ 71.34</u>	<u>\$ 72.13</u>

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

Operating Income

The first component of the overall change in net position is our operating income. This is the difference between the premiums earned and the cost of medical services. We earned operating income for the years ended December 31, 2022 and 2021 of \$74,571,133 and \$28,457,987, respectively.

The primary components of the operating income for 2022 are:

- ❖ Premiums earned increased \$35,935,369 which is a reduction of (\$21.93) PMPM in 2022 from 2021. The increase in premiums earned is attributed to an increase in membership in 2022 from 2021 and from additional funding provided in 2022 for CalAIM Initiative programs and enhanced benefits. The decrease in PMPM in 2022 from 2021 is due to the DHCS carve out of the pharmacy benefit which became effective January 1, 2022 and resulted in a reduction of capitated base rates paid by member. For 2021, KHS recognized approximately \$116.5 million in Pharmacy revenue and \$3.3 in Hepatitis C supplemental kick revenue.
- ❖ The Medi-Cal average monthly membership increased by approximately 32,100 members or 11.1% over 2022.
- ❖ The medical and hospital services costs reduced by (\$35,739,160) and (\$34.92) PMPM between 2022 and 2021. This reduction is primarily attributed to the reduction of plan paid pharmacy expenses as of January 1, 2022. Pharmacy costs were reduced by approximately (\$108.8) million in 2022 from 2021. In addition, there was a decrease in Inpatient Hospital utilization on a per member per month basis in 2022 from 2021 attributed to reductions in admissions due to COVID-19 and the focus of the KHS medical management team to reduce hospital admissions and readmissions through Case Management. The decrease in Pharmacy expense and Inpatient utilization was offset by an increase of approximately \$33.8 million related to new program expenses for CalAIM Initiative Programs and enhanced benefits. The Medical Loss ratio was 86% in 2022 and 92% in 2021.
- ❖ Administrative expenses increased by \$13,019,531 or an increase of \$2.02 PMPM over 2021 which is attributed primarily to increased expenses in salaries and benefits, including expenses related to new employees hired throughout 2021 that experienced a full year of compensation in 2022, additional expense for our current year CalPERs adjustment, and expenses for new employees hired in 2022. Approximately 41 new positions were added in 2022 to address the growing needs of the organization, administer new State funded programs, and meet regulatory requirements. Administrative expense as a percentage of total Operation Revenue (excluding MCO tax revenue and Hospital directed payments earned) was 6.03% in 2022 compared to 4.89% in 2021.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income and community grants. In 2022, the net nonoperating expense amount was attributed to Community Grant Expense of \$4,759,612 or \$1.23 PMPM.

KHS' Cash Flow

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

General Economic and Political Environment Factors

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

Contacting KHS' Financial Management

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

KERN HEALTH SYSTEMS**STATEMENTS OF NET POSITION****December 31, 2022 and 2021**

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 99,137,387	\$ 90,414,348
Investments (Notes 2 and 3)	317,979,108	195,789,809
Premiums receivable	102,277,912	113,480,033
Hospital directed payments receivable (Note 4)	436,815,601	318,427,442
Other receivables (Note 5)	2,192,269	1,313,706
Prepaid expenses	3,217,028	3,883,568
Current portion of provider advances (Note 6)	844,067	5,068,733
Total current assets	962,463,372	728,377,639
Capital Assets (Note 7)		
Land	4,090,706	4,090,706
Buildings and improvements	36,671,140	36,671,140
Computer hardware and software	46,916,577	39,165,691
Furniture and equipment	4,395,077	4,422,937
Capital projects in process	2,241,699	4,580,047
	94,315,199	88,930,521
Less accumulated depreciation	29,866,437	23,410,176
	64,448,762	65,520,345
Other Assets		
Restricted investments (Notes 2, 3 and 11)	300,000	300,000
Provider advances, less current portion (Note 6)	263,964	-
Split dollar life insurance (Note 8)	1,588,890	1,653,011
Net pension asset (Note 12)	-	693,712
	2,152,854	2,646,723
Total assets	1,029,064,988	796,544,707
Deferred Outflows of Resources (Note 12)	8,154,860	3,665,821
Total assets and deferred outflows of resources	\$ 1,037,219,848	\$ 800,210,528

See Notes to Financial Statements.

	2022	2021
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accrued medical expenses payable (Note 9)	\$ 227,819,775	\$ 187,168,103
Hospital directed payments payable (Note 4)	436,633,259	318,427,442
Accrued expenses (Note 10)	43,561,728	41,800,341
Total current liabilities	708,014,762	547,395,886
Noncurrent Liabilities		
Net pension liability (Note 12)	10,218,206	-
Commitments and Contingencies (Note 14)		
Deferred Inflows of Resources (Note 12)	230,571	5,338,319
Net Position		
Net investment in capital assets	64,448,762	65,520,345
Restricted (Note 11)	300,000	300,000
Unrestricted	254,007,547	181,655,978
Total net position	318,756,309	247,476,323
Total liabilities, deferred inflows of resources and net position	\$ 1,037,219,848	\$ 800,210,528

KERN HEALTH SYSTEMS**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue		
Premiums earned	\$1,122,478,180	\$1,086,542,811
Hospital directed payments earned (Note 4)	264,306,595	243,729,688
Stop-loss insurance recoveries (Note 13)	497,807	-
Total operating revenue	1,387,282,582	1,330,272,499
Operating Expenses		
Medical and hospital	856,089,001	891,828,161
Hospital directed payments (Note 4)	264,639,751	242,717,835
MCO premium tax	124,658,814	112,821,118
Administrative	60,258,858	47,239,327
Depreciation	7,065,025	7,208,071
Total operating expenses	1,312,711,449	1,301,814,512
Operating income	74,571,133	28,457,987
Nonoperating Revenue (Expenses)		
Investment and other income (expense)	1,468,465	(172,408)
Community grants	(4,759,612)	(7,895,437)
Net nonoperating (expenses)	(3,291,147)	(8,067,845)
Change in net position	71,279,986	20,390,142
Net position, beginning	247,476,323	227,086,181
Net position, ending	\$ 318,756,309	\$ 247,476,323

See Notes to Financial Statements.

KERN HEALTH SYSTEMS**STATEMENTS OF CASH FLOWS****Years Ended December 31, 2022 and 2021**

	2022	2021
Cash Flows From Operating Activities		
Premiums received	\$1,132,156,123	\$1,071,601,137
Hospital directed payments earned	145,918,436	120,969,518
Stop-loss insurance recoveries	497,807	-
Medical and hospital payments	(815,437,329)	(857,951,946)
Hospital directed payments paid	(146,433,934)	(119,957,665)
Administrative expenses paid	(58,360,563)	(50,847,730)
MCO premium tax expense paid	(121,696,867)	(109,824,001)
Net cash provided by operating activities	136,643,673	53,989,313
Cash Flows From Noncapital Financing Activities		
Community grants	(4,759,612)	(7,895,437)
Nonoperating income	3,355	240,724
Net cash (used in) noncapital financing activities	(4,756,257)	(7,654,713)
Cash Flows From Capital And Related Financing Activities		
Acquisition of capital assets -		
Net cash (used in) capital and related financing activities	(6,115,997)	(4,173,157)
Cash Flows From Investing Activities		
Net purchases of investments	(1,537,065,555)	(1,299,773,167)
Proceeds from maturities of investments	1,416,117,352	1,272,817,420
Payments received on provider advances	3,835,702	437,785
Proceeds (payments) from split dollar life insurance	64,121	(96,067)
Net cash (used in) investing activities	(117,048,380)	(26,614,029)
Net increase in cash and cash equivalents	8,723,039	15,547,414
Cash and cash equivalents:		
Beginning	90,414,348	74,866,934
Ending	\$ 99,137,387	\$ 90,414,348

See Notes to Financial Statements.

	2022	2021
Reconciliation of operating activities to net cash provided by operating activities		
Operating income	\$ 74,571,133	\$ 28,457,987
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,065,025	7,208,071
Provision for allowance for doubtful provider advances	125,000	-
Changes in:		
Deferred outflows of resources	(4,489,039)	(647,480)
Net pension (asset) liability	10,911,918	(9,126,089)
Deferred inflows of resources	(5,107,748)	5,251,635
Changes in working capital components:		
(Increase) decrease in:		
Premiums receivable and other receivables	10,670,127	(16,158,417)
Hospital directed payments receivable	(118,388,159)	(122,760,170)
Prepaid expenses	666,540	(1,660,316)
Increase in:		
Accrued medical expenses payable	40,651,672	33,876,215
Hospital directed payments payable	118,205,817	122,760,170
Accrued expenses	1,761,387	6,787,707
Net cash provided by operating activities	\$ 136,643,673	\$ 53,989,313

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

Redeterminations: For the period during which the Public Health Emergency (“PHE”) was in effect, Medicaid programs were required to keep individuals continually enrolled through the end of the PHE. With the passage and signing of the Consolidated Appropriation Act of 2023 (ACT), this situation is expected to change. The Act allows states to restore eligibility verification and to terminate members deemed ineligible as early as April 1, 2023. The final outcome of the redetermination process is not known; however, KHS expects membership and premium revenues to decline once normal enrollment and renewal operations resume on April 1, 2023. KHS has been in close contact with local and state agencies to develop action plans designed to minimize potential disruption of care for its members. KHS has a team of employees ready to support our Medi-Cal eligible members to recertify their Medi-Cal eligibility status.

A summary of KHS’ significant accounting policies follows:

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

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

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

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

In 2013, KHS entered into a capitated agreement required by the DHCS with another Health Plan which allows for that plan to provide health care services for their assigned members. As KHS had no obligation to provide care for this population, the Premiums earned amount included as part of operating revenue is reported net of the capitated expense associated with assigned members. Capitated expense was \$33.5 million for 14,635 members assigned for the year ended December 31, 2022 and was \$32.3 million for 12,692 members assigned for the year ended December 31, 2021. This contract is expected to end on December 31, 2023.

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

Premiums revenue: Premiums are due monthly from DHCS and are recognized as revenues during the period in which KHS is obligated to arrange payments for managed health care services provided to KHS members. CMS requires that the rates used in KHS' premiums are to be actuarially sound. Premium revenue is fixed in advance of the periods covered on a per member per month (PMPM) basis and are generally not subject to significant accounting estimates. Premium payments received from DHCS are based on an eligibility list produced by DHCS and are subject to eligibility redeterminations and enrollment backlogs related to the renewal of Medi-Cal coverage. Premium payments are required to be returned if DHCS later discovers that the eligibility list contains individuals who were not eligible. Medi-Cal redeterminations had been paused since March 2020, originally tied to the COVID-19 public health emergency (PHE). The passage of the Consolidated Appropriations Act of 2023 in December 2022 allows for the resumption of Medi-Cal redeterminations as early as April 1, 2023. KHS' PMPM rates are typically adjusted annually. KHS receives additional premium revenue in the form of a "maternity kick payment" which is a one-time payment for the delivery of a child. For the years ended December 31, 2022 and 2021 maternity kick payments in the amount of \$40.1 million or 3.6% and \$33.8 million or 3.1% respectively, of total premium revenue were recognized. KHS also receives premium revenue in the form of a "Behavioral Health Treatment kick payment" based on the utilization by its members diagnosed with specific Autism criteria. For the years ended December 31, 2022 and 2021 Behavioral Health Treatment payments in the amount of \$18.3 million or 1.6% and \$15.5 million or 1.4% respectively, of total premium revenue were recognized. Beginning in 2021, DHCS began a two-year Behavior Health Integration Incentive Program (BHI) in which funds are received for qualifying providers to assist in the improvement of physical and behavioral health outcomes and care delivery efficiency. For the years ended December 31, 2022 and 2021, BHI program payments in the amount of \$4.5 million or 0.4% of total premium revenue were recognized for both years. As of January 1, 2022, KHS is no longer receiving additional kick payments for Hepatitis C or for the Health Homes Program. In 2021, KHS recognized \$3.2 million or 0.3% of total premium revenue in Hepatitis C kick revenue and \$9.4 million or 0.9% of total premium revenue in Health Homes kick revenue.

KHS receives supplemental revenue funded by the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) for the purpose of paying additional amounts for qualifying physician services based on certain specified eligible CPT procedure codes. For the years ended December 31, 2022 and 2021 Proposition 56 payments in the amount of \$70.5 million or 6.2% and \$70.9 million or 6.5%, respectively, of total premium revenue were recognized. KHS also receives supplemental Ground Emergency Medical Transportation (GEMT) revenue provided for the purpose of paying additional amounts to qualifying GEMT providers based on certain specified eligible CPT procedure codes. For the years ended December 31, 2022 and 2021 GEMT payments in the amount of \$7.0 million or 0.6% and \$6.3 million or 0.6% respectively, of total premium revenue were recognized.

Premiums are also subject to prior year retroactive rate adjustments based on actual and expected health care costs and are recognized when known in the current year. For the years ended December 31, 2022 and 2021 KHS recognized a net reduction of \$3.3 million or 0.3% and a net increase of \$1.9 million or 0.2%, respectively, of premium revenue as a result of retroactive membership and rate adjustments.

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

KERN HEALTH SYSTEMS

NOTES TO FINANCIAL STATEMENTS

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

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

Managed Care Organization Premium taxes: In 2009 California enacted the Managed Care Organization (MCO) tax under Senate Bill 78 (SB 78). Effective July 1, 2013, under Assembly Bill 1422 (AB 1422), the MCO tax rate was increased to 3.9375% and payable to the California State Board of Equalization. Premium taxes were assessed based on the premium revenue collected. Beginning July 1, 2016, under Senate Bill X2-2, the MCO tax rate is payable to DHCS on a quarterly basis based on projected annual membership. MCO Tax Revenue is received from DHCS monthly based on actual membership on a per member per month fixed dollar amount. This change in MCO tax methodology puts KHS at risk if the assumed membership used in the calculated tax expense is different than the actual membership KHS experiences during the rate year. The premium revenues received include the premium tax assessment. These amounts are reported on a gross basis and are included in total operating revenues with the MCO tax expense presented separate from all other medical and administrative expense. Due to the pause in member redeterminations, and continued increases in member enrollment, Medi-Cal plans received significantly more MCO tax revenue than was required to be paid in quarterly MCO tax expense. DHCS indicated excess funds received were subject to recoupment. For the year ended December 31, 2022, KHS recorded a liability of approximately \$14.4 million payable to DHCS for MCO tax revenue received in excess of the required MCO tax expense for the period July 1, 2020, through December 31, 2022. The current MCO tax program sunset as of December 31, 2022 and was not approved by the California State Legislators for calendar year 2023.

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

Pass-through funding from DHCS: During the years ended December 31, 2022 and 2021, KHS received \$41.1 million and \$136.5 million, respectively, of supplemental fee revenue from DHCS. KHS passes these funds through to the designated hospitals and providers. This amount is not reflected in the statements of revenues, expenses and changes in net position for the years ended December 31, 2022 and 2021, as this pass-through amount does not meet the requirements for revenue recognition under Governmental Accounting Standards.

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Advertising: KHS expenses advertising costs as they are incurred. Advertising expense totaled \$643,790 and \$699,398 for the years ended December 31, 2022 and 2021, respectively.

Subsequent events: KHS has evaluated subsequent events through March 29, 2023, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. Management is evaluating the impact of the implementation of this statement on their financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2. Cash, Cash Equivalents and Investments

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

Cash and cash equivalents:		
Deposits		\$ 1,859,330
Local Agency Investment Fund (LAIF) and money market funds		97,277,857
Cash on hand		200
Total cash and cash equivalents		<u>\$ 99,137,387</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Unrestricted:		
Corporate bonds and notes	\$ 178,316,451	\$ 176,494,361
Government agency bonds and notes	141,320,476	141,484,747
Total unrestricted	<u>319,636,927</u>	<u>317,979,108</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$ 319,936,927</u>	<u>\$ 318,279,108</u>

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

Cash and cash equivalents:		
Deposits		\$ 3,291,537
Local Agency Investment Fund (LAIF) and money market funds		87,122,611
Cash on hand		200
Total cash and cash equivalents		<u>\$ 90,414,348</u>
	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Unrestricted:		
Corporate bonds and notes	\$ 72,356,848	\$ 71,815,789
Government agency bonds and notes	123,990,134	123,974,020
Total unrestricted	<u>196,346,982</u>	<u>195,789,809</u>
Restricted:		
Certificates of deposit	300,000	300,000
Total investments	<u>\$ 196,646,982</u>	<u>\$ 196,089,809</u>

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

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

Investments Authorized by KHS' Investment Policy

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

- Preservation of principal
- Liquidity
- Yield

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

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

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

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

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

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

GASB Codification Section 150 requires disclosure of any investments of any single issuer in excess of 5% of its total investments, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments. There were no investments of any single issuer that exceeded 5% of its total investments as of December 31, 2022 or 2021.

Custodial Credit Risk

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

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Cash Equivalents in State Investment Pool

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

Note 3. Fair Value Measurements

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

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that KHS has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> ❖ Quoted prices for similar assets or liabilities in active markets; ❖ Quoted prices for identical or similar assets or liabilities in inactive markets; ❖ Inputs other than quoted prices that are observable for the asset or liability; ❖ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

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

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

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

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

All investments excluding LAIF, held by KHS at December 31, 2022 and 2021 are considered to be level 1 assets. LAIF funds are considered to be level 2 assets.

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

Note 4. Hospital Directed Payments

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

The projected value of the program payment obligations to designated hospitals are accounted for as medical expenses and paid through additional capitation revenue. Due to the timing of the program acceptance by CMS and delays in funding to MCPs, final rates of the various Hospital Directed Payment programs are not available until paid. KHS accrued Hospital Directed Payments receivable of approximately \$436.8 million and Hospital Directed payments payable of approximately \$436.6 million reported as of December 31, 2022. For the year ended December 31, 2021 KHS accrued Hospital Directed Payments receivable of approximately \$318.4 million and Hospital Directed Payments payable of approximately \$318.4 million. The amount of premium revenue for Hospital Directed Payment programs recognized for the years ended December 31, 2022 and 2021 was approximately \$264.3 million and \$243.7 million, respectively, and is reported as part of operating revenues. Hospital Directed Payment expense obligations recognized for the years ended December 31, 2022 and 2021 were approximately \$264.6 million and \$242.7 million, respectively, and are reported as part of operating expenses. As stated above, KHS has very little visibility as to the timing of these payments until actually paid by DHCS.

Note 5. Other Receivables

Other receivables consist of the following at December 31, 2022 and 2021:

	2022	2021
Provider receivable	\$ 1,603,931	\$ -
Interest	389,179	42,610
Other	199,159	566,096
Pharmacy rebates	-	705,000
	<u>\$ 2,192,269</u>	<u>\$ 1,313,706</u>

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Note 6. Provider Advances

In April 2020 as part of the response to the COVID-19 pandemic and in an effort to support its network of providers of care for the more than 258,000 members served, KHS advanced \$5.7 million under a COVID-19 Provider Financial Relief Program. Under the Program, provider advance payments were offered to select local network providers of up to 50% of their average 2019 monthly claim payments multiplied by three months. The no interest payment advances were aimed at providing financial assistance to those network providers experiencing financial hardships due to lower utilization of medical services as the result of the Governor's shelter in place order. Monthly repayments of provider advances began in September 2021 and are due on January 1, 2024. In the event of a program payment default, KHS has the right to offset amounts owed by providers against any future monies owed to the provider. As of December 31, 2022 and 2021, provider advances due to KHS totaled \$1,108,031 and \$5,068,733, respectively.

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Note 7. Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 is as follows:

	Balance January 1, 2022	Additions	Deletions	Transfers	Balance December 31, 2022
Capital Assets Not Being Depreciated:					
Land	\$ 4,090,706	\$ -	\$ -	\$ -	\$ 4,090,706
Capital projects in progress	4,580,047	5,277,836	(120,000)	(7,496,184)	2,241,699
Subtotal	<u>8,670,753</u>	<u>5,277,836</u>	<u>(120,000)</u>	<u>(7,496,184)</u>	<u>6,332,405</u>
Capital Assets Being Depreciated:					
Buildings and improvements	36,671,140	-	-	-	36,671,140
Computer hardware and software	39,165,691	737,487	(464,543)	7,477,942	46,916,577
Furniture and equipment	4,422,937	100,674	(146,776)	18,242	4,395,077
Subtotal	<u>80,259,768</u>	<u>838,161</u>	<u>(611,319)</u>	<u>7,496,184</u>	<u>87,982,794</u>
Accumulated Depreciation:					
Buildings and improvements	2,042,639	913,303	-	-	2,955,942
Computer hardware and software	18,642,258	5,576,749	(461,954)	-	23,757,053
Furniture and equipment	2,725,279	574,973	(146,810)	-	3,153,442
Subtotal	<u>23,410,176</u>	<u>7,065,025</u>	<u>(608,764)</u>	<u>-</u>	<u>29,866,437</u>
Net Depreciable					
Capital Assets	56,849,592	(6,226,864)	(2,555)	7,496,184	58,116,357
Total Capital Assets	<u>\$ 65,520,345</u>	<u>\$ (949,028)</u>	<u>\$ (122,555)</u>	<u>\$ -</u>	<u>\$ 64,448,762</u>

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

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Note 8. Split Dollar Life Insurance

In October 2017, KHS entered into a split-dollar life insurance agreement with a key employee and his beneficiary, whereby the employee is eligible to receive distributions, and KHS will receive \$774,526 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$816,478 and \$858,223 at December 31, 2022 and 2021, respectively.

In June 2020, KHS entered into a second split-dollar life insurance agreement with the same employee and his beneficiary as the 2017 agreement, whereby the employee is eligible to receive distributions, and KHS will receive \$847,832 upon the death of the employee and his beneficiary or termination of the agreement. The policy had a cash surrender value of \$772,412 and \$794,788 at December 31, 2022 and 2021, respectively.

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

Note 9. Accrued Medical Expenses Payable

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

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

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

KHS consistently applies the IBNR estimation from period to period. Any adjustments from the prior year are included in the current period as a change in accounting estimate. As more complete additional information becomes known, KHS will adjust assumptions accordingly to change the IBNR estimate. KHS recognized \$16.2 million and \$8.7 million of favorable prior year IBNR adjustments for the years ended December 31, 2022 and 2021, respectively, due to lower-than-expected utilization.

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Proposition 56: On November 8, 2016, California voters approved Proposition 56 to increase the excise tax rate on cigarettes and tobacco products. Under Proposition 56, a portion of the tobacco revenue is allocation to the Department of Health Care Services (DHCS) for use as the nonfederal share of health care expenditures in accordance with the annual state budget process. Proposition 56 appropriated funds resulted in directed payments made to Medi-Cal managed care health plans for the purposes of paying additional amounts for qualifying physician services based on certain specified CPT procedure codes. The directed payments are subject to a minimum medical expenditure percentage and a portion of capitation payments attributed to this directed payment arrangement will be subject to a two-sided risk corridor. At December 31, 2022 and 2021 KHS has accrued \$60.7 million and \$48.1 million, respectively, in payments to providers for Proportion 56. If less than the targeted amount accrued is paid to providers, amounts will be returned to the State through the performance of DHCS' risk corridor calculation.

Bridge Risk Corridor: Due to the unprecedented circumstances of the COVID-19 pandemic, DHCS and its contracted actuary determined that a two-sided, symmetrical risk corridor ("Bridge Corridor") would appropriately provide protection for both the State and Medi-Cal managed care plans (MCPs) like KHS. The purpose of the risk corridor is to mitigate potentially significant upward or downward risk associated with COVID-19 that was not determinable at the time of rate development. The Bridge Corridor was retroactive to July 1, 2019 and is based on an estimate provided by guidance obtained from DHCS. At December 31, 2022 and 2021, KHS had accrued \$25.5 million owed to the state for the rate period July 1, 2019 through December 31, 2020.

Accrued medical services and related claims adjustment expenses payable consist of the following at December 31, 2022 and 2021:

	2022	2021
Estimated incurred but not reported claims	\$ 96,084,096	\$ 82,747,978
Supplemental Proposition 56 provider payments	60,729,070	48,144,699
Bridge risk corridor	25,453,666	25,453,666
Claims payable	18,643,959	22,249,622
Enhanced Care Management (ECM) risk corridor	12,843,453	-
CalAIM Incentive	4,318,339	-
Provider performance quality incentive	3,505,791	5,023,866
Major Organ Transplant	3,381,437	-
Allowance for claims processing expense	2,831,842	2,389,766
Provider vaccine incentive	28,122	1,158,506
	<u>\$ 227,819,775</u>	<u>\$ 187,168,103</u>

Note 10. Accrued Expenses

Accrued expenses consist of the following at December 31, 2022 and 2021:

	2022	2021
MCO tax expense	\$32,495,339	\$ 29,533,392
Salaries and employee benefits	4,137,755	3,818,601
Other administrative expenses	3,932,626	1,863,208
Community grants payable	1,515,321	4,120,333
Non-operating passthrough liability	1,058,010	2,050,194
CalPERS employee and employer contributions	410,699	359,613
New building and construction	11,978	55,000
	<u>\$43,561,728</u>	<u>\$ 41,800,341</u>

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Note 11. Restricted Investments and Tangible Net Equity

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

KHS is a fully licensed health-care service plan under the Knox-Keene Health Care Services Plan Act of 1975 (the “Act”). Under the Act, KHS is required to maintain a minimum level of tangible net equity. The required equity level was approximately \$50.8 million and \$51.4 million at December 31, 2022 and 2021, respectively. KHS’ tangible net equity was approximately \$318.8 million and \$247.5 million at December 31, 2022 and 2021, respectively.

Note 12. Employee Pension Plans

CalPERS

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

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

The Plans’ provisions and benefits in effect at December 31, 2022 and 2021 are summarized as follows:

	2022		2021		
	Classic	PEPRA	Classic	PEPRA	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 60	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52	50	52
Monthly benefits, as a % of eligible compensation	2%	2%	2%	2%	2%
Retirement employee contribution rates	7%	6.93%	6.75%	6.92%	6.75%
Required employer contribution rates	6.709% to 7.159%	8.65% to 8.630%	7.59% to 7.470%	8.794% to 8.650%	7.732% to 7.590%

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

For the years ended December 31, 2022 and 2021, the contributions recognized as part of pension expense were as follows:

	2022	2021
Contributions - employer	\$ 3,516,567	\$ 2,951,981
Contributions - employee (paid by employer)	\$ -	\$ -

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

As of December 31, 2022, and 2021, KHS reported net pension (asset) liability for its proportionate share of the net pension (asset) liability of \$10,218,206 and \$(693,712), respectively.

KHS' fiduciary net pension as a percentage of KHS' total pension liability for the years ended December 31, 2022 and 2021 was 87% and 101%, respectively.

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

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

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

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

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

For the years ended December 31, 2022 and 2021, KHS recognized pension expense of \$5,608,106 and \$963,272, respectively. At December 31, 2022 and 2021, KHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,913,850	\$ -	\$ 2,980,058	\$ -
Changes in assumptions	1,756,640	-	-	-
Differences between expected and actual experiences	344,261	230,571	685,763	-
Net differences between projected and actual earnings on pension plan investments	3,140,109	-	-	5,338,319
Total	\$ 8,154,860	\$ 230,571	\$ 3,665,821	\$ 5,338,319

\$2,913,850 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31,

2023	\$ 1,306,743
2024	1,145,011
2025	638,087
2026	1,920,598
	<u>\$ 5,010,439</u>

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Actuarial Methods and Assumptions: The total pension liabilities in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions:

	2022	2021
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-Age Normal Cost Method	
Actuarial assumptions:		
Discount rate	6.90%	7.15%
Inflation	2.30%	2.50%
Payroll growth	2.55%	2.75%
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.00% (a)	7.00% (a)
Mortality	Derived using CalPERS' Membership Data for all Funds (b)	

- (a) Net of pension plan investment and administrative expenses; includes inflation
- (b) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% and 7.15% as of June 30, 2021 and June 30, 2020, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate of 6.90% and 7.15% as of June 30, 2021 and 2020, respectively, are adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at <http://www.calpers.ca.gov>.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.90% and 7.15% as of June 30, 2021 and June 30, 2020, respectively, investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.05% and 7.30% as of June 30, 2021 and 2020, respectively. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension (Asset) Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

KERN HEALTH SYSTEMS**NOTES TO FINANCIAL STATEMENTS**

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

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return
Public Equity (a)	44.4%	9.4%
Private Equity	12.0%	13.5%
Income (a)	26.7%	2.3%
Real Assets	15.8%	9.2%
Total Fund (b)	4.2%	-
Financing and liquidity (c)	-3.3%	0.8%
Total	<u>100%</u>	

(a) Includes exposure from derivatives and repo borrowing used for Trust Level leverage liquidity.

(b) Includes subtotal and totals that may not sum due to rounding.

(c) Financing reflects derivatives financing and repo borrowing in Trust Level Synthetic Cap Weighted and Synthetic Treasury portfolios. Liquidity reflects net asset value of the Liquidity Segment.

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

	2022	2021
1% Decrease	5.90%	6.15%
Net Pension (Asset) Liability	\$ 16,603,473	\$ (1,656,732)
Current Discount Rate	6.90%	7.15%
Net Pension (Asset) Liability	\$ 10,218,206	\$ (693,712)
1% Increase	7.90%	8.15%
Net Pension Liability	\$ 4,964,716	\$ 102,403

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

Retirement Plan

Plan description and funding policy: KHS has a 401(a)-retirement plan, which was approved by the IRS on August 15, 1996. All full-time employees are eligible to participate in the Plan. KHS matches 100% of contributions made by KHS employees to their 457(b) plan up to a maximum of 6% of the employee's salary. KHS contributions do not vest until the employee has been employed for three years when at such time the employee becomes 100% vested. Participants are not allowed to make contributions to the Plan; only employer contributions are allowable. Expense determined in accordance with the plan formula was \$1,969,979 and \$1,665,198 for the years ended December 31, 2022 and 2021, respectively.

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Note 13. Stop-Loss Insurance

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

For the years ended December 31, 2022 and 2021 coverage provides reimbursement of approximately 90 and 95 percent, respectively, of the cost of each member's acute care hospital admission(s) in excess of the deductibles, up to a maximum payable of \$2,000,000 per member per contract year.

For the years ended December 31, 2022 and 2021 the premium coverage is \$0.18 and \$0.29 per member per month (PMPM) respectively with no minimum annual premium requirement.

The deductible for each individual member was \$350,000 and the Aggregate Specific Retention deductible was \$0.13 PMPM, for the year ended December 31, 2022. The deductible for each individual member was \$300,000 and the Aggregate Specific Retention deductible was \$0.23 PMPM for the year ended December 31, 2021.

Stop-loss insurance premiums of \$595,993 and \$1,000,259 are included in medical and hospital expense for the years ended December 31, 2022 and 2021, respectively. Stop-loss insurance recoveries of \$497,807 are included in operating revenue for the year ended December 31, 2022. There were no stop-loss insurance recoveries for the year ended December 31, 2021.

Note 14. Commitments and Contingencies

Litigation

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

Professional Liability Insurance

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

Cyber Insurance

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

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Pharmacy

Effective January 1, 2022, DHCS transitioned most Medi-Cal pharmacy benefits from managed care plans like KHS to fee-for-service (“FFS”). For the years ended December 31, 2022 and 2021, KHS recognized \$0 and \$116,469,893, respectively, in Pharmacy revenue and \$0 and \$3,224,445, respectively, in Hepatitis C supplemental kick revenue as part of its premium capitation which in total accounted for approximately 0% and 13.1%, respectively, of reported Premiums earned. For the years ended December 31, 2022 and 2021 KHS reported \$228,371 and \$107,035,326, respectively, in Pharmacy expense. Additionally, for the years ended December 31, 2022 and 2021 KHS reported \$0 and \$3,138,427 in Hepatitis C expenses and received \$326,288 and \$1,494,616, respectively from Pharmacy Rebates. For the years ended December 31, 2022 and 2021, total expenses for Pharmacy and Hepatitis C as a percent of reported Medical and hospital expenses, was less than 1% and approximately 12.2%, respectively.

COVID-19 Vaccination Incentive Program

Kern Health Systems embarked on an aggressive COVID-19 Vaccination Incentive Program that aligns with the Department of Health Care Service’s initiative to materially increase vaccines among California’s Medi-Cal population. This program focuses on identifying unvaccinated beneficiaries, educating them as to the vaccine’s importance, increasing access to COVID-19 vaccination sites and providing incentives to encourage becoming vaccinated. Starting September 1, 2021 through February 28, 2022, KHS offered incentives to members who got fully vaccinated. Providers that were willing to enhance their efforts in getting their assigned members vaccination and became a vaccination site, were also incentivized. KHS also partnered with several community organizations and initiatives that focused on education and access to COVID 19 vaccinations in Kern County. For the year ended December 31, 2022 KHS reported additional Medi-Cal premium revenue of \$2,827,860 related to Vaccine Incentive Programs and medical expense of \$3,521,991. For the year ended December 31, 2021 KHS reported additional Medi-Cal premium revenue of \$4,868,689 related to Vaccine Incentive Programs and medical expense of \$3,585,718.

California Advancing and Innovating Medi-Cal (CalAIM) Program

Effective January 1, 2022, DHCS implemented California Advancing and Innovating Medi-Cal (CalAIM), a multi-year initiative aimed at improving the quality of life and health outcomes of the Medi-Cal managed care population through the implementation of a broad delivery system, and program and payment reform across the Medi-Cal program. CalAIM’s Enhanced Care Management (ECM) and Community Support programs required significant investments in care management capabilities in which DHCS provided additional funding to Medi-Cal managed care plans. As of December 31, 2022, CalAIM initiative payments, including ECM funding and Housing and Homelessness Incentive Program funds, in the amount of \$41.2 million or 3.7% of total premium revenue were recognized.

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

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

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

Regulatory Matters

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

Changes in the regulatory environment and applicable laws and rules also may occur periodically in connection with political and administrative initiatives at the local, state, or national level. Much of the federal and state focus in 2022 and 2021 was related to the COVID-19 response. This included federal and state efforts to expand access to COVID testing and treatment services. The State budget also put forth retro-active and prospective rate reductions for Medi-Cal Managed Care Plans. Additionally, in 2022 and 2021 there were numerous temporary changes in regulatory requirements related to the COVID-19 Public Health Emergency (PHE). There could be significant budget pressure following the ending of the PHE due to reduced federal matching funds which could limit future rate increases or reduce benefits to our members.

While most conversations were on hold during the COVID-19 PHE, the Governor's administration and the legislature also continue to consider a single-payer healthcare system for California.

Information Technology

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

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Encounter Data

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

The Health Insurance Portability and Accountability Act

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

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

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

Premium and Eligibility Reconciliations

Premium payments received by KHS from DHCS are based on eligibility lists generated between DHCS and by county agencies that are responsible for determining Medi-Cal eligibility. In a report issued on October 30, 2018 by the California State Auditor, the report indicated "questionable payments" for many counties throughout California, including Kern County. During the period January 1, 2014 through December 31, 2017 amounts of \$10,421,757 relating to Managed Care Premiums and \$2,854,656 relating to Fee For Service Payments for a total of \$13,276,413 of payments by DHCS were identified for Kern County primarily due to beneficiaries being eligible on the DHCS eligibility system and not being eligible on the county agency eligibility system. During the first quarter of 2020, DHCS recouped approximately \$563,000 relating to payments previously received by KHS for members that were determined to be deceased by DHCS. This amount was subtracted from KHS' 2019 revenues. There were no significant recoupments during the years ended December 31, 2022 or 2021 for deceased members but it remains unclear if any additional amounts will be recouped by DHCS from KHS. Accordingly, premium revenues could remain subject to reconciliation and recoupment for many years. The refund of a premium overpayment could be significant and would reduce the premium revenue in the year that the repayment obligation is identified.

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Bridge Corridor Liability Adjustment

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

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

Expansion Risk Corridor Liability Adjustment

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

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

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

This examination has several objectives:

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

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As of December 31, 2022, KHS had not received any additional correspondence from CMS or the contractor designated to perform the examinations. It is unknown if there will be any adjustments resulting from the MLR examinations and whether such adjustments would be material.

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

Patient Protection and Affordable Care Act

In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the Healthcare Reform Legislation), which considerably transformed the U.S. health-care system and increased regulations within the U.S. health insurance industry. This legislation expanded the availability of health insurance coverage to millions of Americans. The Healthcare Reform Legislation contains provisions that took effect from 2010 through 2020, with most measures effective in 2014. Under the Healthcare Reform Legislation, Medi-Cal coverage expanded as of January 2014 to nearly all low-income people under age 65 with income at or below 138% of the federal poverty line. The federal government paid 100% of the entire cost for Medicaid Expansion coverage for newly eligible beneficiaries from 2014 through 2016, 95% in 2017, 94% in 2018, 93% in 2019, 90% in 2020, 95% in 2021, and 85% in 2022. For the years ended December 31, 2022 and 2021, KHS served an average of 89,749 and 75,684 Medi-Cal Expansion members per month, respectively, which generated revenues of approximately \$365.0 million and \$345.8 million, respectively.

Contract Commitment

In September 2014 KHS entered into a ten-year contract with a vendor to supply software, licensing, support and maintenance, including a migration process from the existing software. Expenses are paid annually and are subject to change based on changes to the Consumer Price Index and changes in membership. At December 31, 2022 the total future contract commitments are as follows:

Years ending December 31,	
2023	\$ 386,142
2024	<u>386,142</u>
	<u>\$ 772,284</u>

Note 15. Concentration of Revenue

KHS' operating revenue is primarily derived from the California Department of Health Care Services (DHCS). KHS' current contract term with DHCS is to provide health care services through December 31, 2023 and is subject to cancellation upon either party giving at least six months written notice. The contract is expected to be renewed for an additional five-year period. For the years ended December 31, 2022 and 2021 over 99% of KHS' total revenues were received from DHCS. Future levels of funding and premium rates received by KHS could be impacted by state and federal budgetary constraints.

REQUIRED SUPPLEMENTARY INFORMATION

KERN HEALTH SYSTEMS**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
As of December 31, 2022**

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

* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for the years ended 2022 through 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

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

KERN HEALTH SYSTEMS

**SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
As of December 31, 2022**

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

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

KERN HEALTH SYSTEMS

**SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2022**

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown. For the fiscal year ended December 31, 2016 CALPERS combined the Classic and Pepra Plans into one plan. Therefore, the information presented for the years ended 2022 through 2016 for the miscellaneous Classic Plan includes the Pepra Plan.

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

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

KERN HEALTH SYSTEMS

**SCHEDULES OF PENSION CONTRIBUTIONS
Year Ended December 31, 2022**

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

Notes to Schedule

Valuation date: June 30, 2014

Methods and assumptions used to determine contribution rates:

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

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

OTHER INDEPENDENT AUDITOR'S REPORT



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Private Companies Practice Section

NANCY C. BELTON

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

Board of Directors
Kern Health Systems
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Kern Health Systems**, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise **Kern Health Systems'** basic financial statements, and have issued our report thereon dated March 29, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
March 29, 2023

KERN HEALTH SYSTEMS

Report to the Finance Committee
March 29, 2023





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Private Companies Practice Section

Finance Committee
Kern Health Systems

Attention: Elsa Martinez, Finance Committee Chair

We are pleased to present this report related to our audit of the financial statements of **Kern Health Systems** for the year ended December 31,2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for **Kern Health Systems'** financial reporting process.

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

Daniells Phillips Vaughan & Bock

March 29, 2023

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Required Communications

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

Area	Comments
Our Responsibilities with regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated December 5, 2022. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates".</p>

Area	Comments
Audit Adjustments	Audit adjustments proposed by us and recorded by Kern Heath Systems are shown on the attached "Summary of Recorded Audit Adjustments".
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Certain Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

KERN HEALTH SYSTEMS

**Summary of Significant Accounting Estimates
Year Ended December 31, 2022**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Organization’s December 31, 2022, financial statements:

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

KERN HEALTH SYSTEMS

**Summary of Recorded Audit Adjustments
Year Ended December 31, 2022**

Description	Effect — Increase (Decrease)					
	Assets - Premiums receivable	Liabilities - Accrued medical expenses payable	Equity	Revenue - Premiums earned	Expense - Medical and hospital	Net Income
Net Income (Loss) Before Adjustments						\$ 67,324,223
To reverse Housing and Homelessness Incentive Program revenue and related expenses for Program Year One year not earned and not expended at December 31, 2022	(\$6,770,892)	(\$9,624,339)	\$ -	(\$6,770,892)	(\$9,624,339)	2,853,447
To reverse CalAIM Incentive Payment Program revenue and related expenses for Program Year One not earned and not expended at December 31, 2022	(7,136,107)	(8,238,423)	-	(7,136,107)	(8,238,423)	1,102,316
Total effect	(\$13,906,999)	(\$17,862,762)	\$ -	(\$13,906,999)	(\$17,862,762)	\$ 71,279,986

Exhibit A
Representation Letter



March 29, 2023

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

This representation letter is provided in connection with your audits of the basic financial statements of **Kern Health Systems** (the Organization) as of December 31, 2022 and 2021, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 29, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 5, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to determine incurred but not reported claim liability, net pension liability, as well as the deferred outflows and deferred inflows of resources are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Organization. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

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6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
10. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
13. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
14. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
15. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
17. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
18. We have no knowledge of any uncorrected misstatements in the financial statements.
19. With respect to the service of drafting the financial statements and providing guidance on new authoritative pronouncements performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

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March 29, 2023
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- d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
20. Management is responsible for making the accounting estimates included in the financial statements. Those estimates reflect management's judgment based on knowledge and experience about past and current events and assumptions about conditions management expects to exist and course of action they expect to take. These include:
- a. Estimated adjustments to revenue, such as retroactive adjustments by the Department of Health Care Services;
 - b. Obligations related to third-party payer contracts, including risk sharing and contractual settlements;
 - c. Audit and other adjustments by the Department of Health Care Services;
 - d. Obligations related to providing future services under prepaid health care service contracts;
 - e. Medical malpractice obligations expected to be incurred with respect to services provided through December 31, 2022.
21. Data submitted to the Department of Health Care Services complies in all respects with applicable coding principles and laws and regulations (including those dealing with Medicare antifraud and abuse), and only reflect charges for services that were medically necessary, properly approved by regulatory bodies and properly rendered.
22. With respect to reports submitted to the Department of Health Care Services:
- a. All required Medi-Care and similar reports have been filed;
 - b. Management is responsible for the accuracy and propriety of all reports filed;
 - c. All costs reflected on such reports are appropriate, allowable under applicable reimbursement rules and regulations, patient-related, and properly allocated;
 - d. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations;
 - e. Adequate consideration has been given to, and appropriate provision made for, audit adjustments by intermediaries, third-party payors, or other regulatory agencies.
 - f. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the report;
 - g. Recorded settlements include differences between filed (and to be filed) reports and calculated settlements, which are necessary based upon historical experience or new or ambiguous regulations that may be subject to differing interpretations. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate;

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

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

Information Provided

24. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the Organization's basic financial statements such as records, documentation and other matters.
- b. Additional information that you have requested from us for the purpose of the audits.
- c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the board of directors, finance committee, and management, or summaries of actions of recent meetings for which minutes have not yet been prepared.

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

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

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

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

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the Organization's basic financial statements.

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29. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's primary government basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
30. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
31. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
32. We have disclosed to you the identity of all of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
33. We are aware of no significant deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.
34. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
35. We agree with the findings of the specialist in evaluating the incurred but not reported claim liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
36. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
37. The following have been made available to you:
 - e. Contracts with all significant third-party party payers or other providers;
 - f. Reports of regulatory examinations that are currently in process. Management is not aware of any allegations of noncompliance that should be considered for disclosure or as a basis for recording a loss contingency.
38. There are no:
 - a. Violations or possible violations of laws or regulations, such as those related to the Medi-Care and Medi-Caid antifraud and abuse statutes, including but not limited to the Medi-Care and Medi-Caid Anti-Kickback Statute, Limitations on Certain Physician Referrals (the Stark law), and the False Claims Act, in any jurisdiction whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Communications, whether oral or written, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, including those related to the Medi-Care and Medicaid antifraud and abuse statutes, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

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

Supplementary Information

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

Compliance Considerations

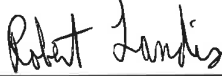
In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 41. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 42. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 43. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 44. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 45. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 46. Has a process to track the status of audit findings and recommendations.
- 47. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 48. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Kern Health Systems



Emily Duran, Chief Executive Officer



Robert Landis, Chief Financial Officer



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 7, 2023

Re: 2023 Budget Change Request

Background

Due to receiving updated information after the Board of Directors (“Board”) approved the 2023 Budget, Management is seeking approval to adjust the following 2023 Budget items:

- 1) MCO Tax (Net Position Budget Neutral)
- 2) Hospital Directed Payments (Net Position Budget Neutral)

Discussion

MCO Tax

In previous years, California taxed Managed Care Organizations (“MCOs”) and used the proceeds to leverage federal funds to support the Medi-Cal program. The MCO Tax freed up approximately \$1.5 billion in General Fund revenues each year to go to Medi-Cal. These freed-up funds support an array of public services and systems that are funded through the State budget. Apparently, due to new federal rules, California’s current MCO tax no longer complies with federal guidelines and needs to be revised. Management believes that a new MCO Tax will be created that will adhere to federal rules while also generating substantial General Fund savings. However, until such time a new MCO Tax is approved by California State Legislators, Management is recommending the removal of the MCO Tax Revenue and Expense from the 2023 Budget.

Fiscal Impact

There will not be an increase or decrease in the net position to the 2023 Budget as the removal of \$145 million of MCO Tax Revenue and \$145 million of MCO Tax expense is budget neutral.

(Please see Footnote A in Attachment 1)

Hospital Directed Payments

At the time of developing the 2023 Budget for Hospital Directed Payments (“HDP”) Management was utilizing the most current HDP rates known to KHS. After finalizing the 2023 Budget, KHS received CY 2023 rates from DHCS on February 17, 2023.

Fiscal Impact

There will not be an increase or decrease in the net position to the 2023 Budget for Hospital Directed Payments as the additional \$21.8 million of revenue and the \$21.8 million of expense are budget neutral.

(Please see Footnote B in Attachment 1)

Requested Action

Approve 2023 Budget Changes; Refer to KHS Board of Directors.

**KERN HEALTH SYSTEMS
P & L BY MAJOR CATEGORY OF SERVICE
2023 BUDGET REVISIONS**

	2023 BUDGET AS ORIGINALLY APPROVED	2023 BUDGET AS ORIGINALLY APPROVED	2023 BUDGET REVISED	2023 BUDGET REVISED	2023 BUDGET (REDUCTIONS)/ INCREASE	2023 BUDGET (REDUCTIONS)/ INCREASE
	\$	PMPM	\$	PMPM	\$	PMPM
REVENUE						
Capitation (excludes Prop 56 & GEMT)	942,680,028	226.66	942,680,028	226.66	-	-
LTC Dual/Non Dual Capitation	93,705,838	22.53	93,705,838	22.53	-	-
Maternity Kick Supplemental Payment	36,227,616	8.71	36,227,616	8.71	-	-
Enhanced Care Management	25,475,578	6.13	25,475,578	6.13	-	-
Major Organ Transplant	6,615,222	1.59	6,615,222	1.59	-	-
CalAIM Incentive Program	30,606,291	7.36	30,606,291	7.36	-	-
Proposition 56 Supplemental Payments	79,782,687	19.18	79,782,687	19.18	-	-
Ground Emergency Medical Transportation (GEMT) Supplemental Payments	6,392,315	1.54	6,392,315	1.54	-	-
Total MCAL Revenue	1,221,485,574	293.70	1,221,485,574	293.70	-	-
Add-Ons (Directed Provider Payments)	228,984,127	52.92	250,749,761	57.95	21,765,634 (B)	5.03
MCO Tax Revenue	144,952,825	33.50	-	-	(144,952,825) (A)	(33.50)
Interest	5,158,950	1.24	5,158,950	1.24	-	-
Reinsurance	914,969	0.22	914,969	0.22	-	-
TOTAL REVENUE	1,601,496,445	385.07	1,478,309,254	355.45	(123,187,191)	(29.62)
MEDICAL						
Inpatient Hospital	281,876,533	67.78	281,876,533	67.78	-	-
Outpatient Facility	122,276,102	29.40	122,276,102	29.40	-	-
Emergency Room Facility	68,934,910	16.58	68,934,910	16.58	-	-
Long-Term Care Facility - Long-Term	93,705,838	22.53	93,705,838	22.53	-	-
Primary Physician Services	53,023,513	12.75	53,023,513	12.75	-	-
Urgent Care	30,571,682	7.35	30,571,682	7.35	-	-
Physician Specialty	173,754,546	41.78	173,754,546	41.78	-	-
Behavioral Health Treatment and Mental Health	22,620,105	5.44	22,620,105	5.44	-	-
Vision	4,252,839	1.02	4,252,839	1.02	-	-
Other Medical Professional	22,607,969	5.44	22,607,969	5.44	-	-
Enhanced Care Management	24,201,799	5.82	24,201,799	5.82	-	-
Major Organ Transplant	6,284,461	1.51	6,284,461	1.51	-	-
DME	12,742,556	3.06	12,742,556	3.06	-	-
Home Health and CBAS	12,024,455	2.89	12,024,455	2.89	-	-
Other - Ambulance and Non-Emergent Transportation	19,687,593	4.73	19,687,593	4.73	-	-
Other - LTC (Short-Term), SNF, Hospice	22,009,483	5.29	22,009,483	5.29	-	-
Pay for Performance Quality Incentive	6,238,425	1.50	6,238,425	1.50	-	-
CalAIM Incentive Program	29,075,976	6.99	29,075,976	6.99	-	-
Provider Incentive Payments - Prop 56 & GEMT	81,866,252	19.68	81,866,252	19.68	-	-
Add Ons Directed Provider Payments	228,984,127	52.92	250,749,761	57.95	21,765,635 (B)	5.03
Reinsurance Premium	914,969	0.22	914,969	0.22	-	-
UM/QA Costs (including Utilization & Quality Review)	52,759,517	12.69	52,759,517	12.69	-	-
Total Medical Costs	1,370,413,650	329.51	1,392,179,284	334.74	21,765,635	5.23
GROSS PROFIT/(LOSS)	231,082,795	55.56	86,129,970	20.71	(144,952,825)	(34.85)
ADMINISTRATIVE	84,390,686	20.29	84,390,686	20.29	-	-
NET PROFIT/(LOSS) BEFORE MCO TAX	146,692,109	35.27	1,739,284	0.42	(144,952,825)	(34.85)
MCO TAX EXPENSE	144,952,825	34.85	-	-	(144,952,825) (A)	(34.85)
NET PROFIT/(LOSS) AFTER MCO TAX	1,739,284	0.42	1,739,284	0.42	-	-
D-SNP EXPENSES	7,503,760	-	7,503,760	-	-	-
NET PROFIT/(LOSS) AFTER GRANT EXPENSE	(5,764,476)	-	(5,764,476)	-	-	-

(A) MCO Tax Changes

(B) Hospital Directed Payment Budget Changes



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 7, 2023

Re: December 2022 Financial Results

The December results reflect a \$24,629,028 Net Increase in Net Position which is a \$24,796,523 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$21.3 million favorable variance primarily due to:
 - A) \$4.4 million favorable variance primarily due to higher-than-expected budgeted membership.
 - B) \$7.1 million unfavorable variance primarily due to **timing differences** from reversing out previously recorded revenue under the Cal Aim Incentive Payment Program (“IPP”). Management believed that these funds would be earned in Calendar Year 2022 and now expects the revenue to be earned in Calendar Year 2023. Amounts are offset against expenses included in 2C (1) below.
 - C) \$1.0 million favorable variance primarily due to recording additional revenue earned under the Cal Aim Housing and Homelessness Incentive Program (“HHIP”).
 - D) \$9.6 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2022 from DHCS in March 2023 offset against amounts included in 2D below.
 - E) \$12.4 million favorable variance in Rate Adjustments-Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2021 from DHCS in February 2023 offset against amounts included in 2E below.
- 2) Total Medical Costs reflect a \$5.7 million favorable variance primarily due to:
 - A) \$1.3 million favorable variance in Physician Services primarily due to lower-than-expected utilization of Primary Care and Referral Specialty Services over the last several months.
 - B) \$8.4 million favorable variance in Inpatient primarily from favorable utilization from the June 30, 2022 Milliman Actuary Review liability estimate.

- C) \$9.9 million favorable variance in Other Medical primarily due to **timing differences** from:
 - 1) \$8.2 million related to reversing out previously recorded estimated expenses relating to CalAim IPP that management believed would be incurred in Calendar Year 2022 and that are now expected to be incurred in Calendar Year 2023. Amounts are offset against revenue included in 1B above.
 - 2) \$1.7 million related to reversing out previously recorded estimated expenses relating to CalAim HHIP that management believed would be incurred in Calendar Year 2022 and that are now expected to be incurred in Calendar Year 2023.
- D) \$9.6 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2022 from DHCS in March 2023 offset against amounts included in 1D above.
- E) \$12.4 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2021 from DHCS in February 2023 offset against amounts included in 1E above.
- F) \$1.1 million favorable variance in Non-Claims Expense Adjustment primarily due to lower than expected Ground Emergency Medical Transportation (“GEMT”) utilization from the prior year.
- G) \$6.7 million favorable variance in IBNR, Incentive, Paid Claims Adjustment primarily relating to:
 - 1) Removal of \$3.7 million of unused COVID-19 Back to Care financial incentives that were offered to providers to encourage and promote members “back to care” after the decline in preventive and specialty care that occurred during the Covid-19 pandemic.
 - 2) Reduction of the remaining 2021 P4P liability of \$2.7 million due to lower-than-expected payouts.
- 3) Total Administrative Expenses reflect a \$2.7 million unfavorable variance primarily due to:
 - A) \$1.3 million unfavorable variance in Compensation primarily due to the Inflation Stipend Payment approved by the Compensation Committee in lieu of a 2023 Cost of Living Adjustment.
 - B) \$.6 million unfavorable variance in Other Administrative Expenses primarily due to the accrual of regulatory fines for 2021 and expected regulatory fines for 2022.
 - C) \$.5 million unfavorable variance in Administrative Expense Adjustment relating to the CalPERS Net Pension True-up Adjustment for the period July 1, 2021 to June 30, 2022 required under GASB 68 (\$.2 million); and an increase in the Allowance for Claims Processing Expense which is a statutory requirement (\$.3 million).

The December Medical Loss Ratio is 59.8% which is favorable to the 92.9% budgeted amount. The December Administrative Expense Ratio is 10.1% which is unfavorable to the 6.8% budgeted amount. Excluding the one-time items mentioned in items 1B and 3A-C above, the Administrative Expense Ratio for December was 6.6%.

The results for the 12 months ended December 31, 2022 reflects a Net Increase in Net Position of \$71,279,986. This is a \$74,833,342 favorable variance to the budget and includes approximately \$22.2 million of favorable adjustments from the prior year. The year-to-date Medical Loss Ratio is 85.6% which is favorable to the 92.9% budgeted amount. The year-to-date Administrative Expense Ratio is 6.7% which is favorable to the 7.0% budgeted amount.

**Kern Health Systems
Financial Packet
December 2022**

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF DECEMBER 31, 2022			
ASSETS	DECEMBER 2022	NOVEMBER 2022	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 99,137,387	\$ 179,619,246	\$ (80,481,859)
Short-Term Investments	317,979,109	210,720,910	107,258,199
Premiums Receivable - Net	102,277,912	109,732,438	(7,454,526)
Premiums Receivable - Hospital Direct Payments	436,815,600	396,795,571	40,020,029
Interest Receivable	389,179	168,011	221,168
Provider Advance Payment - Current Portion	844,067	2,361,487	(1,517,420)
Other Receivables	1,803,091	2,071,184	(268,093)
Prepaid Expenses & Other Current Assets	3,217,027	2,723,407	493,620
Total Current Assets	\$ 962,463,372	\$ 904,192,254	\$ 58,271,118
CAPITAL ASSETS - NET OF ACCUM DEP'RE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,241,823	1,259,875	(18,052)
Computer Hardware and Software - Net	23,159,335	20,493,849	2,665,486
Building and Building Improvements - Net	33,715,199	33,791,308	(76,109)
Capital Projects in Progress	2,241,699	4,168,950	(1,927,251)
Total Capital Assets	\$ 64,448,762	\$ 63,804,688	\$ 644,074
LONG TERM ASSETS:			
Provider Advance Payment	263,964	-	263,964
Restricted Investments	300,000	300,000	-
Officer Life Insurance Receivables	1,588,890	1,604,652	(15,762)
Total Long Term Assets	\$ 2,152,854	\$ 1,904,652	\$ 248,202
DEFERRED OUTFLOWS OF RESOURCES	\$ 8,154,860	\$ 4,731,067	\$ 3,423,793
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,037,219,848	\$ 974,632,661	\$ 62,587,187
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accrued Salaries and Employee Benefits	\$ 4,139,353	\$ 4,033,090	106,263
Accrued Other Operating Expenses	4,353,705	2,223,938	2,129,767
Accrued Taxes and Licenses	32,495,339	21,611,880	10,883,459
Claims Payable (Reported)	18,643,958	19,495,865	(851,907)
IBNR - Inpatient Claims	51,058,132	56,225,683	(5,167,551)
IBNR - Physician Claims	17,600,496	19,440,798	(1,840,302)
IBNR - Accrued Other Medical	27,425,468	26,682,535	742,933
Risk Pool and Withholds Payable	3,505,791	5,714,494	(2,208,703)
Statutory Allowance for Claims Processing Expense	2,831,842	2,509,938	321,904
Other Liabilities	109,327,418	119,115,609	(9,788,191)
Accrued Hospital Directed Payments	436,633,258	396,613,229	40,020,029
Total Current Liabilities	\$ 708,014,760	\$ 673,667,059	\$ 34,347,701
NONCURRENT LIABILITIES:			
Net Pension Liability	10,218,206	1,500,000	8,718,206
TOTAL NONCURRENT LIABILITIES	\$ 10,218,206	\$ 1,500,000	\$ 8,718,206
DEFERRED INFLOWS OF RESOURCES	\$ 230,571	\$ 5,338,319	\$ (5,107,748)
NET POSITION:			
Net Position - Beg. of Year	247,476,325	247,476,325	-
Increase (Decrease) in Net Position - Current Year	71,279,986	46,650,958	24,629,028
Total Net Position	\$ 318,756,311	\$ 294,127,283	\$ 24,629,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,037,219,848	\$ 974,632,661	\$ 62,587,187

			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2022					
CURRENT MONTH MEMBERS						YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE				ACTUAL	BUDGET	VARIANCE
212,779	211,000	1,779	Family Members			2,459,855	2,446,200	13,655
96,065	85,630	10,435	Expansion Members			1,076,986	990,960	86,026
17,501	16,630	871	SPD Members			201,877	192,960	8,917
10,169	7,740	2,429	Other Members			114,149	92,880	21,269
14,635	13,000	1,635	Kaiser Members			165,042	156,000	9,042
351,149	334,000	17,149	Total Members - MCAL			4,017,909	3,879,000	138,909
REVENUES								
34,345,215	37,039,924	(2,694,709)	Title XIX - Medicaid - Family and Other			446,292,516	432,168,373	14,124,143
30,862,645	29,821,559	1,041,086	Title XIX - Medicaid - Expansion Members			368,065,120	345,165,460	22,899,660
15,500,822	15,582,898	(82,076)	Title XIX - Medicaid - SPD Members			183,770,921	180,810,348	2,960,573
10,883,460	11,048,894	(165,434)	Premium - MCO Tax			124,665,083	124,665,083	-
27,573,903	17,923,941	9,649,962	Premium - Hospital Directed Payments			229,310,845	208,314,785	20,996,060
714,738	86,149	628,589	Investment Earnings And Other Income			1,588,464	1,000,000	588,464
152,481	57,780	94,701	Reinsurance Recoveries			152,481	670,140	(517,659)
12,446,127	-	12,446,127	Rate Adjustments - Hospital Directed Payments			34,995,749	-	34,995,749
333,950	-	333,950	Rate/Income Adjustments			29,864	-	29,864
132,813,341	111,561,146	21,252,195	TOTAL REVENUES			1,388,871,043	1,292,794,188	96,076,855
EXPENSES								
Medical Costs:								
16,678,607	17,974,242	1,295,635	Physician Services			221,023,011	208,398,110	(12,624,901)
6,175,363	5,998,074	(177,289)	Other Professional Services			62,529,225	70,432,157	7,902,932
5,082,054	5,848,762	766,708	Emergency Room			57,618,727	67,820,138	10,201,411
12,591,938	21,014,598	8,422,660	Inpatient			242,222,642	243,605,904	1,383,262
59,818	57,780	(2,038)	Reinsurance Expense			595,993	670,140	74,147
9,093,742	8,933,535	(160,207)	Outpatient Hospital			107,494,563	103,561,502	(3,933,061)
6,543,097	16,447,919	9,904,822	Other Medical			184,499,703	191,227,492	6,727,789
504,771	481,500	(23,271)	Pay for Performance Quality Incentive			5,772,260	5,584,500	(187,760)
27,573,903	17,923,941	(9,649,962)	Hospital Directed Payments			229,310,845	208,314,785	(20,996,060)
12,446,126	-	(12,446,126)	Hospital Directed Payment Adjustment			35,328,905	-	(35,328,905)
(1,071,264)	-	1,071,264	Non-Claims Expense Adjustment			(1,944,184)	-	1,944,184
(6,704,318)	-	6,704,318	IBNR, Incentive, Paid Claims Adjustment			(23,722,941)	-	23,722,941
88,973,837	94,680,351	5,706,514	Total Medical Costs			1,120,728,749	1,099,614,728	(21,114,021)
43,839,504	16,880,795	26,958,709	GROSS MARGIN			268,142,294	193,179,460	74,962,834
Administrative:								
4,707,264	3,369,438	(1,337,826)	Compensation			39,393,605	40,508,261	1,114,656
1,262,419	1,108,544	(153,875)	Purchased Services			11,911,295	13,302,530	1,391,235
220,189	212,108	(8,081)	Supplies			1,363,089	2,545,291	1,182,202
627,772	526,572	(101,200)	Depreciation			7,065,025	6,318,863	(746,162)
966,290	366,066	(600,224)	Other Administrative Expenses			4,498,063	4,392,788	(105,275)
508,526	-	(508,526)	Administrative Expense Adjustment			3,212,805	-	(3,212,805)
8,292,460	5,582,728	(2,709,732)	Total Administrative Expenses			67,443,882	67,067,733	(376,149)
97,266,297	100,263,079	2,996,782	TOTAL EXPENSES			1,188,172,631	1,166,682,461	(21,490,170)
35,547,044	11,298,067	24,248,977	OPERATING INCOME (LOSS) BEFORE TAX			200,698,412	126,111,727	74,586,685
10,883,459	11,048,894	165,435	MCO TAX			124,658,814	124,665,083	6,269
24,663,585	249,173	24,414,412	OPERATING INCOME (LOSS) NET OF TAX			76,039,598	1,446,644	74,592,954
NONOPERATING REVENUE (EXPENSE)								
-	-	-	Gain on Sale of Assets			-	-	-
-	(333,334)	333,334	Provider Grants/CalAIM Initiative Grant			(4,091,430)	(4,000,000)	(91,430)
(34,557)	(83,334)	48,777	Health Home			(668,182)	(1,000,000)	331,818
(34,557)	(416,668)	382,111	TOTAL NONOPERATING REVENUE (EXPENSE)			(4,759,612)	(5,000,000)	240,388
24,629,028	(167,495)	24,796,523	NET INCREASE (DECREASE) IN NET POSITION			71,279,986	(3,553,356)	74,833,342
59.8%	92.9%	33.2%	MEDICAL LOSS RATIO			85.6%	92.9%	7.2%
10.1%	6.8%	-3.4%	ADMINISTRATIVE EXPENSE RATIO			6.7%	7.0%	0.2%

CURRENT MONTH			STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
212,779	211,000	1,779	Family Members	2,459,855	2,446,200	13,655
96,065	85,630	10,435	Expansion Members	1,076,986	990,960	86,026
17,501	16,630	871	SPD Members	201,877	192,960	8,917
10,169	7,740	2,429	Other Members	114,149	92,880	21,269
14,635	13,000	1,635	Kaiser Members	165,042	156,000	9,042
351,149	334,000	17,149	Total Members - MCAL	4,017,909	3,879,000	138,909
REVENUES						
154.05	169.33	(15.28)	Title XIX - Medicaid - Family and Other	173.38	170.21	3.18
321.27	348.26	(26.99)	Title XIX - Medicaid - Expansion Members	341.75	348.31	(6.56)
885.71	937.04	(51.32)	Title XIX - Medicaid - SPD Members	910.31	937.04	(26.72)
32.34	34.42	(2.08)	Premium - MCO Tax	32.36	33.49	(1.13)
81.94	55.84	26.10	Premium - Hospital Directed Payments	59.52	55.95	3.56
2.12	0.27	1.86	Investment Earnings And Other Income	0.41	0.27	0.14
0.45	0.18	0.27	Reinsurance Recoveries	0.04	0.18	(0.14)
36.99	0.00	36.99	Rate Adjustments - Hospital Directed Payments	9.08	0.00	9.08
0.99	0.00	0.99	Rate/Income Adjustments	0.01	0.00	0.01
394.67	347.54	47.13	TOTAL REVENUES	360.48	347.25	13.23
EXPENSES						
Medical Costs:						
49.56	55.99	6.43	Physician Services	57.37	55.98	(1.39)
18.35	18.69	0.33	Other Professional Services	16.23	18.92	2.69
15.10	18.22	3.12	Emergency Room	14.95	18.22	3.26
37.42	65.47	28.05	Inpatient	62.87	65.43	2.56
0.18	0.18	0.00	Reinsurance Expense	0.15	0.18	0.03
27.02	27.83	0.81	Outpatient Hospital	27.90	27.82	(0.08)
19.44	51.24	31.80	Other Medical	47.89	51.36	3.48
1.50	1.50	0.00	Pay for Performance Quality Incentive	1.50	1.50	0.00
81.94	55.84	(26.10)	Hospital Directed Payments	59.52	55.95	(3.56)
36.99	0.00	(36.99)	Hospital Directed Payment Adjustment	9.17	0.00	(9.17)
(3.18)	0.00	3.18	Non-Claims Expense Adjustment	(0.50)	0.00	0.50
(19.92)	0.00	19.92	IBNR, Incentive, Paid Claims Adjustment	(6.16)	0.00	6.16
264.40	294.95	30.56	Total Medical Costs	290.88	295.36	4.48
130.28	52.59	77.69	GROSS MARGIN	69.60	51.89	17.71
Administrative:						
13.99	10.50	(3.49)	Compensation	10.22	10.88	0.66
3.75	3.45	(0.30)	Purchased Services	3.09	3.57	0.48
0.65	0.66	0.01	Supplies	0.35	0.68	0.33
1.87	1.64	(0.23)	Depreciation	1.83	1.70	(0.14)
2.87	1.14	(1.73)	Other Administrative Expenses	1.17	1.18	0.01
1.51	0.00	(1.51)	Administrative Expense Adjustment	0.83	0.00	(0.83)
24.64	17.39	(7.25)	Total Administrative Expenses	17.50	18.01	0.51
289.04	312.35	23.31	TOTAL EXPENSES	308.39	313.37	4.98
105.63	35.20	70.44	OPERATING INCOME (LOSS) BEFORE TAX	52.09	33.87	18.22
32.34	34.42	2.08	MCO TAX	32.35	33.49	1.13
73.29	0.78	72.52	OPERATING INCOME (LOSS) NET OF TAX	19.74	0.39	19.35
NONOPERATING REVENUE (EXPENSE)						
0.00	0.00	0.00	Gain on Sale of Assets	0.00	0.00	0.00
0.00	(1.04)	1.04	Reserve Fund Projects/Community Grants	(1.06)	(1.07)	0.01
(0.10)	(0.26)	0.16	Health Home	(0.17)	(0.27)	0.10
(0.10)	(1.30)	1.20	TOTAL NONOPERATING REVENUE (EXPENSE)	(1.24)	(1.34)	0.11
73.19	(0.52)	73.71	NET INCREASE (DECREASE) IN NET POSITION	18.50	(0.95)	19.45
59.8%	92.9%	33.2%	MEDICAL LOSS RATIO	85.6%	92.9%	7.2%
10.1%	6.8%	-3.4%	ADMINISTRATIVE EXPENSE RATIO	6.7%	7.0%	0.2%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2022							
	DECEMBER 2021	JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022
ENROLLMENT							
Members - MCAL	298,205	309,342	310,281	312,490	314,691	315,663	319,333
REVENUES							
Title XIX - Medicaid - Family and Other	36,899,197	37,009,614	37,126,546	36,539,594	36,762,722	35,766,911	37,731,384
Title XIX - Medicaid - Expansion Members	30,241,720	29,968,453	29,945,915	29,350,530	29,812,384	29,600,713	30,533,210
Title XIX - Medicaid - SPD Members	16,506,513	14,953,594	14,858,906	14,791,754	14,924,745	14,887,158	15,402,431
Premium - MCO Tax	10,273,393	9,899,314	9,894,054	9,893,826	9,894,054	9,872,493	9,910,584
Premium - Hospital Directed Payments	16,836,470	17,606,870	17,654,496	17,949,134	17,905,917	17,928,276	18,280,365
Investment Earnings And Other Income	(694,967)	329,573	86,457	(1,241,065)	(326,288)	357,517	(633,952)
Reinsurance Recoveries	-	-	-	-	-	-	-
Rate Adjustments - Hospital Directed Payments	(3,586)	230,177	24,013	26,907,309	3,898	(23,892)	5,129
Rate/Income Adjustments	5,625	957,475	977,794	493,268	59,935	(4,649,731)	(364,397)
TOTAL REVENUES	110,064,365	110,955,070	110,568,181	134,684,350	109,037,367	103,739,445	110,864,754
EXPENSES							
Medical Costs:							
Physician Services	17,972,930	17,538,030	19,319,317	19,919,152	18,291,501	17,895,843	18,921,901
Other Professional Services	4,344,076	5,041,033	4,902,710	5,254,779	5,361,545	4,835,075	5,112,961
Emergency Room	4,391,622	5,209,937	5,098,972	5,150,400	5,098,584	4,139,529	3,167,228
Inpatient	17,137,562	20,610,105	20,031,970	20,232,342	20,364,608	21,395,635	19,551,774
Reinsurance Expense	86,147	53,660	53,896	57,686	56,409	56,248	57,216
Outpatient Hospital	6,083,159	8,214,215	8,223,126	8,686,122	8,458,833	8,281,163	9,196,013
Other Medical	11,502,354	17,263,621	17,534,988	15,788,879	16,341,907	16,301,024	15,522,071
Pharmacy	10,620,178	-	-	-	-	-	-
Pay for Performance Quality Incentive	1,420,000	464,013	465,422	465,421	472,037	473,494	478,060
Hospital Directed Payments	16,836,470	17,606,870	17,654,496	17,949,134	17,905,917	17,928,276	18,280,365
Hospital Directed Payment Adjustment	(3,586)	230,177	24,013	26,678,156	3,898	(3,419)	5,129
Non-Claims Expense Adjustment	(44,256)	43,538	4,118	572,469	62,025	(1,371,999)	29,799
IBNR, Incentive, Paid Claims Adjustment	(1,022,824)	627	(1,010,781)	(3,987,493)	(2,812,496)	(3,724,314)	(4,072,490)
Total Medical Costs	89,323,832	92,275,826	92,302,247	116,767,047	89,604,768	86,206,555	86,250,027
GROSS MARGIN	20,740,533	18,679,244	18,265,934	17,917,303	19,432,599	17,532,890	24,614,727
Administrative:							
Compensation	2,592,690	3,116,842	2,847,002	3,108,703	3,075,151	3,259,102	2,980,813
Purchased Services	1,355,474	846,917	877,498	1,098,614	783,960	927,532	850,526
Supplies	164,659	191,908	(8,268)	103,207	41,533	145,499	66,970
Depreciation	746,072	571,126	571,126	571,126	570,835	575,899	626,073
Other Administrative Expenses	605,706	389,918	259,997	346,089	252,930	300,845	329,335
Administrative Expense Adjustment	(194,326)	(1,904)	(44,283)	31,776	164,256	(2,834)	811,890
Total Administrative Expenses	5,270,275	5,114,807	4,503,072	5,259,515	4,888,665	5,206,043	5,665,607
TOTAL EXPENSES	94,594,107	97,390,633	96,805,319	122,026,562	94,493,433	91,412,598	91,915,634
OPERATING INCOME (LOSS) BEFORE TAX	15,470,258	13,564,437	13,762,862	12,657,788	14,543,934	12,326,847	18,949,120
MCO TAX	9,895,157	9,894,054	9,894,054	9,893,826	9,894,054	9,888,018	9,894,051
OPERATING INCOME (LOSS) NET OF TAX	5,575,101	3,670,383	3,868,808	2,763,962	4,649,880	2,438,829	9,055,069
TOTAL NONOPERATING REVENUE (EXPENSE)	(175,210)	(400,389)	(986,700)	(1,001,012)	(1,110,153)	744,870	(1,996,822)
NET INCREASE (DECREASE) IN NET POSITION	5,399,891	3,269,994	2,882,108	1,762,950	3,539,727	3,183,699	7,058,247
MEDICAL LOSS RATIO	87.4%	89.4%	89.9%	90.2%	88.3%	89.9%	82.2%
ADMINISTRATIVE EXPENSE RATIO	6.4%	6.1%	5.4%	6.6%	6.0%	6.9%	6.9%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH DECEMBER 31, 2022	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	13 MONTH
	2022	2022	2022	2022	2022	2022	TOTAL
ENROLLMENT							
Members - MCAL	323,572	324,961	325,920	329,121	331,947	336,514	4,152,040
REVENUES							
Title XIX - Medicaid - Family and Other	37,514,641	37,941,354	37,957,277	37,949,223	39,648,035	34,345,215	483,191,713
Title XIX - Medicaid - Expansion Members	30,993,375	31,238,545	31,275,148	31,549,369	32,934,833	30,862,645	398,306,840
Title XIX - Medicaid - SPD Members	15,833,803	15,065,828	15,760,220	15,913,345	15,878,315	15,500,822	200,277,434
Premium - MCO Tax	10,883,460	10,883,459	10,883,460	10,883,459	10,883,460	10,883,460	134,938,476
Premium - Hospital Directed Payments	18,674,627	18,595,974	18,857,014	18,961,885	19,322,384	27,573,903	246,147,315
Investment Earnings And Other Income	1,002,315	(121,473)	353,347	179,268	888,027	714,738	893,497
Reinsurance Recoveries	-	-	-	-	-	152,481	152,481
Rate Adjustments - Hospital Directed Payments	9,235	(4,343)	(4,606,563)	9,926	(5,267)	12,446,127	34,992,163
Rate/Income Adjustments	350,036	245,168	203,911	124,448	1,298,007	333,950	35,489
TOTAL REVENUES	115,261,492	113,844,512	110,683,814	115,570,923	120,847,794	132,813,341	1,498,935,408
EXPENSES							
Medical Costs:							
Physician Services	18,984,281	18,198,409	18,622,853	18,169,774	18,483,343	16,678,607	238,995,941
Other Professional Services	5,137,341	5,208,793	5,024,917	5,041,998	5,432,710	6,175,363	66,873,301
Emergency Room	4,764,039	4,661,044	4,773,821	4,790,820	5,682,299	5,082,054	62,010,349
Inpatient	22,935,749	20,834,103	22,797,560	22,462,437	18,414,421	12,591,938	259,360,204
Reinsurance Expense	(33,668)	(25,136)	142,533	58,493	58,838	59,818	682,140
Outpatient Hospital	10,013,268	9,928,749	9,352,210	9,319,855	8,727,267	9,093,742	113,577,722
Other Medical	15,416,935	15,241,576	15,744,662	16,418,094	16,382,849	6,543,097	196,002,057
Pharmacy	-	-	-	-	-	-	10,620,178
Pay for Performance Quality Incentive	485,358	485,358	490,964	493,681	493,681	504,771	7,192,260
Hospital Directed Payments	18,674,627	18,595,974	18,857,014	18,961,885	19,322,384	27,573,903	246,147,315
Hospital Directed Payment Adjustment	9,235	(4,343)	(4,064,727)	9,926	(5,266)	12,446,126	35,325,319
Non-Claims Expense Adjustment	17,040	5,019	9,821	(248,768)	4,018	(1,071,264)	(1,988,440)
IBNR, Incentive, Paid Claims Adjustment	(238,100)	487,881	(789,121)	(435,695)	(436,641)	(6,704,318)	(24,745,765)
Total Medical Costs	96,166,105	93,617,427	90,962,507	95,042,500	92,559,903	88,973,837	1,210,052,581
GROSS MARGIN							
Administrative:	19,095,387	20,227,085	19,721,307	20,528,423	28,287,891	43,839,504	288,882,827
Compensation	3,307,910	3,148,970	3,213,222	3,387,496	3,241,130	4,707,264	41,986,295
Purchased Services	1,078,360	1,144,312	997,356	1,009,393	1,034,408	1,262,419	13,266,769
Supplies	74,368	117,566	85,530	66,157	258,430	220,189	1,527,748
Depreciation	576,074	583,814	583,673	584,905	622,602	627,772	7,811,097
Other Administrative Expenses	414,331	315,625	298,240	304,229	320,234	966,290	5,103,769
Administrative Expense Adjustment	425,467	300,000	420,793	299,429	299,689	508,526	3,018,479
Total Administrative Expenses	5,876,510	5,610,287	5,598,814	5,651,609	5,776,493	8,292,460	72,714,157
TOTAL EXPENSES	102,042,615	99,227,714	96,561,321	100,694,109	98,336,396	97,266,297	1,282,766,738
OPERATING INCOME (LOSS) BEFORE TAX	13,218,877	14,616,798	14,122,493	14,876,814	22,511,398	35,547,044	216,168,670
MCO TAX	10,883,459	10,883,460	10,883,459	10,883,460	10,883,460	10,883,459	134,553,971
OPERATING INCOME (LOSS) NET OF TAX	2,335,418	3,733,338	3,239,034	3,993,354	11,627,938	24,663,585	81,614,699
TOTAL NONOPERATING REVENUE (EXPENSE)	(3,380)	57,925	(27,966)	(5,428)	4,000	(34,557)	(4,934,822)
NET INCREASE (DECREASE) IN NET POSITION	2,332,038	3,791,263	3,211,068	3,987,926	11,631,938	24,629,028	76,679,877
MEDICAL LOSS RATIO	90.4%	88.9%	89.0%	88.7%	80.8%	59.8%	85.8%
ADMINISTRATIVE EXPENSE RATIO	6.9%	6.6%	6.5%	6.6%	6.4%	10.1%	6.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2022	DECEMBER 2021	JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022
ENROLLMENT							
Members - MCAL	298,205	309,342	310,281	312,490	314,691	315,663	319,333
REVENUES							
Title XIX - Medicaid - Family and Other	181.56	177.17	177.17	173.28	173.44	168.25	176.65
Title XIX - Medicaid - Expansion Members	382.19	357.24	355.03	344.90	345.21	341.10	343.27
Title XIX - Medicaid - SPD Members	1,042.14	903.21	907.36	895.60	912.10	913.04	917.14
Premium - MCO Tax	34.45	32.00	31.89	31.66	31.44	31.28	31.04
Premium - Hospital Directed Payments	56.46	56.92	56.90	57.44	56.90	56.80	57.25
Investment Earnings And Other Income	(2.33)	1.07	0.28	(3.97)	(1.04)	1.13	(1.99)
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	(0.01)	0.74	0.08	86.11	0.01	(0.08)	0.02
Rate/Income Adjustments	0.02	3.10	3.15	1.58	0.19	(14.73)	(1.14)
TOTAL REVENUES	369.09	358.68	356.35	431.00	346.49	328.64	347.18
EXPENSES							
Medical Costs:							
Physician Services	60.27	56.69	62.26	63.74	58.13	56.69	59.25
Other Professional Services	14.57	16.30	15.80	16.82	17.04	15.32	16.01
Emergency Room	14.73	16.84	16.43	16.48	16.20	13.11	9.92
Inpatient	57.47	66.63	64.56	64.75	64.71	67.78	61.23
Reinsurance Expense	0.29	0.17	0.17	0.18	0.18	0.18	0.18
Outpatient Hospital	20.40	26.55	26.50	27.80	26.88	26.23	28.80
Other Medical	38.57	55.81	56.51	50.53	51.93	51.64	48.61
Pharmacy	35.61	0.00	0.00	0.00	0.00	0.00	0.00
Pay for Performance Quality Incentive	4.76	1.50	1.50	1.49	1.50	1.50	1.50
Hospital Directed Payments	56.46	56.92	56.90	57.44	56.90	56.80	57.25
Hospital Directed Payment Adjustment	(0.01)	0.74	0.08	85.37	0.01	(0.01)	0.02
Non-Claims Expense Adjustment	(0.15)	0.14	0.01	1.83	0.20	(4.35)	0.09
IBNR, Incentive, Paid Claims Adjustment	(3.43)	0.00	(3.26)	(12.76)	(8.94)	(11.80)	(12.75)
Total Medical Costs	299.54	298.30	297.48	373.67	284.74	273.10	270.09
GROSS MARGIN	69.55	60.38	58.87	57.34	61.75	55.54	77.08
Administrative:							
Compensation	8.69	10.08	9.18	9.95	9.77	10.32	9.33
Purchased Services	4.55	2.74	2.83	3.52	2.49	2.94	2.66
Supplies	0.55	0.62	(0.03)	0.33	0.13	0.46	0.21
Depreciation	2.50	1.85	1.84	1.83	1.81	1.82	1.96
Other Administrative Expenses	2.03	1.26	0.84	1.11	0.80	0.95	1.03
Administrative Expense Adjustment	(0.65)	(0.01)	(0.14)	0.10	0.52	(0.01)	2.54
Total Administrative Expenses	17.67	16.53	14.51	16.83	15.53	16.49	17.74
TOTAL EXPENSES	317.21	314.83	311.99	390.50	300.27	289.59	287.84
OPERATING INCOME (LOSS) BEFORE TAX	51.88	43.85	44.36	40.51	46.22	39.05	59.34
MCO TAX	33.18	31.98	31.89	31.66	31.44	31.32	30.98
OPERATING INCOME (LOSS) NET OF TAX	18.70	11.87	12.47	8.84	14.78	7.73	28.36
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.59)	(1.29)	(3.18)	(3.20)	(3.53)	2.36	(6.25)
NET INCREASE (DECREASE) IN NET POSITION	18.11	10.57	9.29	5.64	11.25	10.09	22.10
MEDICAL LOSS RATIO	87.4%	89.4%	89.9%	90.2%	88.3%	89.9%	82.2%
ADMINISTRATIVE EXPENSE RATIO	6.4%	6.1%	5.4%	6.6%	6.0%	6.9%	6.9%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH DECEMBER 31, 2022	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	13 MONTH
	2022	2022	2022	2022	2022	2022	TOTAL
ENROLLMENT							
Members - MCAL	323,572	324,961	325,920	329,121	331,947	336,514	4,152,040
REVENUES							
Title XIX - Medicaid - Family and Other	173.99	175.92	175.56	174.37	180.89	156.69	175.22
Title XIX - Medicaid - Expansion Members	340.07	338.95	338.39	334.55	344.93	323.22	349.77
Title XIX - Medicaid - SPD Members	941.54	880.12	911.57	926.33	919.20	897.35	926.36
Premium - MCO Tax	33.64	33.49	33.39	33.07	32.79	32.34	32.50
Premium - Hospital Directed Payments	57.71	57.23	57.86	57.61	58.21	81.94	59.28
Investment Earnings And Other Income	3.10	(0.37)	1.08	0.54	2.68	2.12	0.22
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.45	0.04
Rate Adjustments - Hospital Directed Payments	0.03	(0.01)	(14.13)	0.03	(0.02)	36.99	8.43
Rate/Income Adjustments	1.08	0.75	0.63	0.38	3.91	0.99	0.01
TOTAL REVENUES	356.22	350.33	339.60	351.15	364.06	394.67	361.01
EXPENSES							
Medical Costs:							
Physician Services	58.67	56.00	57.14	55.21	55.68	49.56	57.56
Other Professional Services	15.88	16.03	15.42	15.32	16.37	18.35	16.11
Emergency Room	14.72	14.34	14.65	14.56	17.12	15.10	14.93
Inpatient	70.88	64.11	69.95	68.25	55.47	37.42	62.47
Reinsurance Expense	(0.10)	(0.08)	0.44	0.18	0.18	0.18	0.16
Outpatient Hospital	30.95	30.55	28.69	28.32	26.29	27.02	27.35
Other Medical	47.65	46.90	48.31	49.88	49.35	19.44	47.21
Pharmacy	0.00	0.00	0.00	0.00	0.00	0.00	2.56
Pay for Performance Quality Incentive	1.50	1.49	1.51	1.50	1.49	1.50	1.73
Hospital Directed Payments	57.71	57.23	57.86	57.61	58.21	81.94	59.28
Hospital Directed Payment Adjustment	0.03	(0.01)	(12.47)	0.03	(0.02)	36.99	8.51
Non-Claims Expense Adjustment	0.05	0.02	0.03	(0.76)	0.01	(3.18)	(0.48)
IBNR, Incentive, Paid Claims Adjustment	(0.74)	1.50	(2.42)	(1.32)	(1.32)	(19.92)	(5.96)
Total Medical Costs	297.20	288.09	279.09	288.78	278.84	264.40	291.44
GROSS MARGIN	59.01	62.24	60.51	62.37	85.22	130.28	69.58
Administrative:							
Compensation	10.22	9.69	9.86	10.29	9.76	13.99	10.11
Purchased Services	3.33	3.52	3.06	3.07	3.12	3.75	3.20
Supplies	0.23	0.36	0.26	0.20	0.78	0.65	0.37
Depreciation	1.78	1.80	1.79	1.78	1.88	1.87	1.88
Other Administrative Expenses	1.28	0.97	0.92	0.92	0.96	2.87	1.23
Administrative Expense Adjustment	1.31	0.92	1.29	0.91	0.90	1.51	0.73
Total Administrative Expenses	18.16	17.26	17.18	17.17	17.40	24.64	17.51
TOTAL EXPENSES	315.36	305.35	296.27	305.95	296.24	289.04	308.95
OPERATING INCOME (LOSS) BEFORE TAX	40.85	44.98	43.33	45.20	67.82	105.63	52.06
MCO TAX	33.64	33.49	33.39	33.07	32.79	32.34	32.41
OPERATING INCOME (LOSS) NET OF TAX	7.22	11.49	9.94	12.13	35.03	73.29	19.66
TOTAL NONOPERATING REVENUE (EXPENSE)	(0.01)	0.18	(0.09)	(0.02)	0.01	(0.10)	(1.19)
NET INCREASE (DECREASE) IN NET POSITION	7.21	11.67	9.85	12.12	35.04	73.19	18.47
MEDICAL LOSS RATIO	90.4%	88.9%	89.0%	88.7%	80.8%	59.8%	85.8%
ADMINISTRATIVE EXPENSE RATIO	6.9%	6.6%	6.5%	6.6%	6.4%	10.1%	6.7%

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			REVENUES			
			Title XIX - Medicaid - Family & Other			
28,759,683	27,742,460	1,017,223	Premium - Medi-Cal	332,179,922	323,065,799	9,114,123
3,007,164	2,764,572	242,592	Premium - Maternity Kick	35,013,500	33,174,867	1,838,633
561,764	481,327	80,437	Premium - Enhanced Care Management	6,385,633	5,646,630	739,003
148,149	135,216	12,933	Premium - Major Organ Transplant	1,695,193	1,579,824	115,369
(3,942,735)	511,325	(4,454,060)	Premium - Cal AIM	4,806,610	5,935,333	(1,128,723)
994,052	789,615	204,437	Premium - BHT Kick	9,489,105	9,165,661	323,444
3,627,095	4,184,219	(557,124)	Premium - Provider Enhancement	45,718,769	48,584,425	(2,865,656)
218,469	211,288	7,181	Premium - Ground Emergency Medical Transportation	2,528,627	2,457,114	71,513
145,440	107,480	37,960	Premium - Behavioral Health Integration Program	2,997,251	1,247,599	1,749,652
-	-	-	Premium - Vaccine Incentive	1,405,896	-	1,405,896
179,373	-	179,373	Premium - Student Behavioral Health Incentive	723,053	-	723,053
646,227	-	646,227	Premium - Housing and Homelessness Incentive	1,945,137	-	1,945,137
534	112,420	(111,886)	Other	1,403,820	1,311,118	92,702
34,345,215	37,039,924	(2,694,709)	Total Title XIX - Medicaid - Family & Other	446,292,516	432,168,372	14,124,144
			Title XIX - Medicaid - Expansion Members			
28,598,269	25,963,969	2,634,300	Premium - Medi-Cal	321,915,685	300,428,562	21,487,123
472,424	234,964	237,460	Premium - Maternity Kick	5,069,482	2,819,568	2,249,914
1,025,905	870,522	155,383	Premium - Enhanced Care Management	11,527,078	10,069,795	1,457,283
244,063	217,419	26,644	Premium - Major Organ Transplant	2,748,828	2,515,002	233,826
(1,692,492)	476,942	(2,169,434)	Premium - Cal AIM	1,954,384	5,519,451	(3,565,067)
-	-	-	Premium - BHT Kick	12,659	-	12,659
1,560,890	1,710,475	(149,585)	Premium - Provider Enhancement	19,138,036	19,794,610	(656,574)
240,130	216,558	23,572	Premium - Ground Emergency Medical Transportation	2,705,996	2,506,137	199,859
64,104	100,253	(36,149)	Premium - Behavioral Health Integration Program	1,227,859	1,160,182	67,677
-	-	-	Premium - Vaccine Incentive	266,803	-	266,803
77,539	-	77,539	Premium - Student Behavioral Health Incentive	304,387	-	304,387
270,529	-	270,529	Premium - Housing and Homelessness Incentive	804,586	-	804,586
1,284	30,456	(29,172)	Other	389,337	352,152	37,185
30,862,645	29,821,559	1,041,086	Total Title XIX - Medicaid - Expansion Members	368,065,120	345,165,460	22,899,660
			Title XIX - Medicaid - SPD Members			
13,742,139	13,216,693	525,447	Premium - Medi-Cal	159,902,400	153,354,959	6,547,442
503,755	475,452	28,303	Premium - Enhanced Care Management	5,856,057	5,516,730	339,327
156,557	151,167	5,390	Premium - Major Organ Transplant	1,821,687	1,754,010	67,677
(311,529)	242,816	(554,345)	Premium - Cal AIM	375,112	2,817,427	(2,442,315)
734,966	803,085	(68,119)	Premium - BHT Kick	7,961,180	9,318,292	(1,357,112)
445,592	493,975	(48,383)	Premium - Provider Enhancement	5,567,216	5,731,653	(164,437)
153,631	148,672	4,959	Premium - Ground Emergency Medical Transportation	1,787,634	1,725,060	62,574
11,240	51,040	(39,800)	Premium - Behavioral Health Integration Program	234,954	592,219	(357,265)
-	-	-	Premium - Vaccine Incentive	56,559	-	56,559
13,956	-	13,956	Premium - Student Behavioral Health Incentive	56,034	-	56,034
50,515	-	50,515	Premium - Housing and Homelessness Incentive	152,088	-	152,088
15,500,822	15,582,898	(82,076)	Total Title XIX - Medicaid - SPD Members	183,770,921	180,810,348	2,960,573

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
3,340,550	4,131,178	790,628	Primary Care Physician Services	44,537,801	47,913,134	3,375,333
11,427,771	12,139,131	711,360	Referral Specialty Services	152,001,271	140,725,214	(11,276,057)
1,900,986	1,694,633	(206,353)	Urgent Care & After Hours Advise	24,374,439	19,650,262	(4,724,177)
9,300	9,300	-	Hospital Admitting Team	109,500	109,500	-
16,678,607	17,974,242	1,295,635	TOTAL PHYSICIAN SERVICES	221,023,011	208,398,110	(12,624,901)
			OTHER PROFESSIONAL SERVICES			
332,322	337,331	5,009	Vision Service Capitation	3,813,776	3,912,401	98,625
2,799,619	2,154,063	(645,556)	Medical Departments - UM Allocation *	23,515,151	25,848,750	2,333,599
1,555,420	1,592,700	37,280	Behavior Health Treatment	16,371,942	18,483,954	2,112,012
162,467	159,952	(2,515)	Mental Health Services	1,876,783	1,855,001	(21,782)
1,325,535	1,754,028	428,493	Other Professional Services	16,951,573	20,332,051	3,380,478
6,175,363	5,998,074	(177,289)	TOTAL OTHER PROFESSIONAL SERVICES	62,529,225	70,432,157	7,902,932
5,082,054	5,848,762	766,708	EMERGENCY ROOM	57,618,727	67,820,138	10,201,411
12,591,938	21,014,598	8,422,660	INPATIENT HOSPITAL	242,222,642	243,605,904	1,383,262
59,818	57,780	(2,038)	REINSURANCE EXPENSE PREMIUM	595,993	670,140	74,147
9,093,742	8,933,535	(160,207)	OUTPATIENT HOSPITAL SERVICES	107,494,563	103,561,502	(3,933,061)
			OTHER MEDICAL			
1,546,895	1,681,398	134,503	Ambulance and NEMT	16,608,318	19,499,514	2,891,196
999,703	724,766	(274,937)	Home Health Services & CBAS	10,682,786	8,405,842	(2,276,944)
1,207,878	1,106,708	(101,170)	Utilization and Quality Review Expenses	9,973,063	13,280,496	3,307,433
415,812	1,514,887	1,099,075	Long Term/SNF/Hospice	18,395,118	17,565,966	(829,152)
5,356,659	6,099,683	743,024	Provider Enhancement Expense - Prop. 56	66,902,643	70,739,567	3,836,924
629,834	547,693	(82,141)	Provider Enhancement Expense - GEMT	5,704,108	6,353,903	649,795
23,625	-	(23,625)	Vaccine Incentive Program Expense	3,204,529	-	(3,204,529)
220,783	258,772	37,989	Behaviorial Health Integration Program	4,460,064	3,000,000	(1,460,064)
2,606,669	1,827,301	(779,368)	Enhanced Care Management	22,726,446	21,233,150	(1,493,296)
521,331	504,687	(16,644)	Major Organ Transplant	5,952,423	5,848,837	(103,586)
(8,466,492)	1,231,083	9,697,575	Cal AIM Incentive Programs	8,023,046	14,272,213	6,249,167
1,480,400	950,941	(529,459)	DME/Rebates	11,867,159	11,028,004	(839,155)
6,543,097	16,447,919	9,904,822	TOTAL OTHER MEDICAL	184,499,703	191,227,492	6,727,789
504,771	481,500	(23,271)	PAY FOR PERFORMANCE QUALITY INCENTIVE	5,772,260	5,584,500	(187,760)
27,573,903	17,923,941	(9,649,962)	HOSPITAL DIRECTED PAYMENTS	229,310,845	208,314,785	(20,996,060)
12,446,126	-	(12,446,126)	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	35,328,905	-	(35,328,905)
(1,071,264)	-	1,071,264	NON-CLAIMS EXPENSE ADJUSTMENT	(1,944,184)	-	1,944,184
(6,704,318)	-	6,704,318	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(23,722,941)	-	23,722,941
88,973,837	94,680,351	5,706,514	Total Medical Costs	1,120,728,749	1,099,614,728	(21,114,021)

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
PHYSICIAN SERVICES						
9.93	12.87	2.94	Primary Care Physician Services	11.56	12.87	1.31
33.96	37.82	3.86	Referral Specialty Services	39.45	37.80	(1.65)
5.65	5.28	(0.37)	Urgent Care & After Hours Advise	6.33	5.28	(1.05)
0.03	0.03	0.00	Hospital Admitting Team	0.03	0.03	0.00
49.56	55.99	6.43	TOTAL PHYSICIAN SERVICES	57.37	55.98	(1.39)
OTHER PROFESSIONAL SERVICES						
0.99	1.05	0.06	Vision Service Capitation	0.99	1.05	0.06
8.32	6.71	(1.61)	Medical Departments - UM Allocation *	6.10	6.94	0.84
4.62	4.96	0.34	Behavior Health Treatment	4.25	4.96	0.72
0.48	0.50	0.02	Mental Health Services	0.49	0.50	0.01
3.94	5.46	1.53	Other Professional Services	4.40	5.46	1.06
18.35	18.69	0.33	TOTAL OTHER PROFESSIONAL SERVICES	16.23	18.92	2.69
15.10	18.22	3.12	EMERGENCY ROOM	14.95	18.22	3.26
37.42	65.47	28.05	INPATIENT HOSPITAL	62.87	65.43	2.56
0.18	0.18	0.00	REINSURANCE EXPENSE PREMIUM	0.15	0.18	0.03
27.02	27.83	0.81	OUTPATIENT HOSPITAL SERVICES	27.90	27.82	(0.08)
OTHER MEDICAL						
4.60	5.24	0.64	Ambulance and NEMT	4.31	5.24	0.93
2.97	2.26	(0.71)	Home Health Services & CBAS	2.77	2.26	(0.51)
3.59	3.45	(0.14)	Utilization and Quality Review Expenses	2.59	3.57	0.98
1.24	4.72	3.48	Long Term/SNF/Hospice	4.77	4.72	(0.06)
15.92	19.00	3.08	Provider Enhancement Expense - Prop. 56	17.36	19.00	1.64
1.87	1.71	(0.17)	Provider Enhancement Expense - GEMT	1.48	1.71	0.23
0.07	0.00	(0.07)	Vaccine Incentive Program Expense	0.83	0.00	(0.83)
0.66	0.81	0.15	Behaviorial Health Integration Program	1.16	0.81	(0.35)
7.75	5.69	(2.05)	Enhanced Care Management	5.90	5.70	(0.20)
1.55	1.57	0.02	Major Organ Transplant	1.54	1.57	0.03
(25.16)	3.84	28.99	Cal AIM Incentive Programs	2.08	3.83	1.75
4.40	2.96	(1.44)	DME	3.08	2.96	(0.12)
19.44	51.24	31.80	TOTAL OTHER MEDICAL	47.89	51.36	3.48
1.50	1.50	0.00	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	0.00
81.94	55.84	(26.10)	HOSPITAL DIRECTED PAYMENTS	59.52	55.95	(3.56)
36.99	0.00	(36.99)	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	9.17	0.00	(9.17)
(3.18)	0.00	3.18	NON-CLAIMS EXPENSE ADJUSTMENT	(0.50)	0.00	0.50
(19.92)	0.00	19.92	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(6.16)	0.00	6.16
264.40	294.95	30.56	Total Medical Costs	290.88	295.36	4.48

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2022	JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022
PHYSICIAN SERVICES						
Primary Care Physician Services	3,472,901	3,950,940	3,869,340	4,216,012	3,710,885	3,643,312
Referral Specialty Services	11,390,029	12,825,148	13,133,782	12,603,720	12,666,671	14,157,633
Urgent Care & After Hours Advise	2,665,800	2,534,829	2,906,730	1,462,769	1,508,987	1,111,956
Hospital Admitting Team	9,300	8,400	9,300	9,000	9,300	9,000
TOTAL PHYSICIAN SERVICES	17,538,030	19,319,317	19,919,152	18,291,501	17,895,843	18,921,901
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	298,113	299,421	320,479	313,381	312,490	317,864
Medical Departments - UM Allocation *	1,874,290	1,814,144	1,930,871	1,799,307	1,920,750	1,835,227
Behavior Health Treatment	1,143,733	984,520	1,425,684	1,406,426	1,172,372	1,493,794
Mental Health Services	385,915	151,598	138,742	134,047	69,233	98,672
Other Professional Services	1,338,982	1,653,027	1,439,003	1,708,384	1,360,230	1,367,404
TOTAL OTHER PROFESSIONAL SERVICES	5,041,033	4,902,710	5,254,779	5,361,545	4,835,075	5,112,961
EMERGENCY ROOM	5,209,937	5,098,972	5,150,400	5,098,584	4,139,529	3,167,228
INPATIENT HOSPITAL	20,610,105	20,031,970	20,232,342	20,364,608	21,395,635	19,551,774
REINSURANCE EXPENSE PREMIUM	53,660	53,896	57,686	56,409	56,248	57,216
OUTPATIENT HOSPITAL SERVICES	8,214,215	8,223,126	8,686,122	8,458,833	8,281,163	9,196,013
OTHER MEDICAL						
Ambulance and NEMT	1,321,069	1,293,500	1,339,544	1,466,846	1,405,832	825,707
Home Health Services & CBAS	733,519	813,833	841,676	781,545	1,039,980	1,056,675
Utilization and Quality Review Expenses	767,373	755,405	504,541	724,744	1,037,565	642,907
Long Term/SNF/Hospice	1,585,601	1,669,982	1,938,253	1,975,528	1,770,701	1,113,446
Provider Enhancement Expense - Prop. 56	5,806,204	5,819,707	5,888,710	5,878,051	5,871,736	6,032,156
Provider Enhancement Expense - GEMT	463,070	463,069	300,851	354,994	480,313	494,051
Vaccine Incentive Program Expense	1,143,595	1,628,354	173,216	136,387	739	85,682
Behaviorial Health Integration Program	824,339	824,339	824,339	225,048	216,518	220,783
Enhanced Care Management	2,023,406	1,561,486	1,821,649	1,818,393	1,820,636	1,866,858
Major Organ Transplant	472,866	473,613	496,178	480,362	480,654	492,226
Cal AIM Incentive Programs	1,241,196	1,257,731	1,089,466	1,285,346	1,268,891	1,807,413
DME	881,383	973,969	570,456	1,214,663	907,459	884,167
TOTAL OTHER MEDICAL	17,263,621	17,534,988	15,788,879	16,341,907	16,301,024	15,522,071
PAY FOR PERFORMANCE QUALITY INCENTIVE	464,013	465,422	465,421	472,037	473,494	478,060
HOSPITAL DIRECTED PAYMENTS	17,606,870	17,654,496	17,949,134	17,905,917	17,928,276	18,280,365
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	230,177	24,013	26,678,156	3,898	(3,419)	5,129
NON-CLAIMS EXPENSE ADJUSTMENT	43,538	4,118	572,469	62,025	(1,371,999)	29,799
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	627	(1,010,781)	(3,987,493)	(2,812,496)	(3,724,314)	(4,072,490)
Total Medical Costs	92,275,826	92,302,247	116,767,047	89,604,769	86,206,555	86,250,027

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH DECEMBER 31, 2022	JULY 2022	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	YEAR TO DATE 2022
PHYSICIAN SERVICES							
Primary Care Physician Services	3,951,533	3,298,914	3,859,118	3,539,808	3,684,488	3,340,550	44,537,801
Referral Specialty Services	12,653,874	12,435,011	13,253,634	12,805,568	12,648,430	11,427,771	152,001,271
Urgent Care & After Hours Advise	2,369,574	2,455,184	1,501,101	1,815,098	2,141,425	1,900,986	24,374,439
Hospital Admitting Team	9,300	9,300	9,000	9,300	9,000	9,300	109,500
TOTAL PHYSICIAN SERVICES	18,984,281	18,198,409	18,622,853	18,169,774	18,483,343	16,678,607	221,023,011
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	315,663	323,003	327,811	326,350	326,879	332,322	3,813,776
Medical Departments - UM Allocation *	1,913,288	1,861,229	1,890,140	1,939,399	1,936,887	2,799,619	23,515,151
Behavior Health Treatment	1,392,248	1,798,262	1,282,862	1,345,602	1,371,019	1,555,420	16,371,942
Mental Health Services	112,742	68,357	180,406	152,793	221,811	162,467	1,876,783
Other Professional Services	1,403,400	1,157,942	1,343,698	1,277,854	1,576,114	1,325,535	16,951,573
TOTAL OTHER PROFESSIONAL SERVICES	5,137,341	5,208,793	5,024,917	5,041,998	5,432,710	6,175,363	62,529,225
EMERGENCY ROOM	4,764,039	4,661,044	4,773,821	4,790,820	5,682,299	5,082,054	57,618,727
INPATIENT HOSPITAL	22,935,749	20,834,103	22,797,560	22,462,437	18,414,421	12,591,938	242,222,642
REINSURANCE EXPENSE PREMIUM	(33,668)	(25,136)	142,533	58,493	58,838	59,818	595,993
OUTPATIENT HOSPITAL SERVICES	10,013,268	9,928,749	9,352,210	9,319,855	8,727,267	9,093,742	107,494,563
OTHER MEDICAL							
Ambulance and NEMT	1,358,335	1,416,945	1,597,466	1,521,656	1,514,523	1,546,895	16,608,318
Home Health Services & CBAS	1,083,945	780,644	739,073	777,227	1,034,966	999,703	10,682,786
Utilization and Quality Review Expenses	696,258	672,539	1,076,096	1,003,496	884,261	1,207,878	9,973,063
Long Term/SNF/Hospice	1,750,512	1,694,897	1,573,989	1,516,247	1,390,150	415,812	18,395,118
Provider Enhancement Expense - Prop. 56	5,197,617	5,212,169	5,228,484	5,256,673	5,354,477	5,356,659	66,902,643
Provider Enhancement Expense - GEMT	503,001	546,014	520,821	492,730	455,360	629,834	5,704,108
Vaccine Incentive Program Expense	2,148	1,922	825	(3,500)	11,536	23,625	3,204,529
Behaviorial Health Integration Program	220,782	220,783	220,783	220,784	220,783	220,783	4,460,064
Enhanced Care Management	1,907,842	1,905,031	1,936,841	1,945,941	1,511,694	2,606,669	22,726,446
Major Organ Transplant	504,463	485,910	510,244	512,675	521,901	521,331	5,952,423
Cal AIM Incentive Programs	1,195,617	1,328,191	1,352,580	2,135,655	2,527,452	(8,466,492)	8,023,046
DME	996,415	976,531	987,460	1,038,510	955,746	1,480,400	11,867,159
TOTAL OTHER MEDICAL	15,416,935	15,241,576	15,744,662	16,418,094	16,382,849	6,543,097	184,499,703
PAY FOR PERFORMANCE QUALITY INCENTIVE	485,358	485,358	490,964	493,681	493,681	504,771	5,772,260
HOSPITAL DIRECTED PAYMENTS	18,674,627	18,595,974	18,857,014	18,961,885	19,322,384	27,573,903	229,310,845
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	9,235	(4,343)	(4,064,727)	9,926	(5,266)	12,446,126	35,328,905
NON-CLAIMS EXPENSE ADJUSTMENT	17,040	5,019	9,821	(248,768)	4,018	(1,071,264)	(1,944,184)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(238,100)	487,881	(789,121)	(435,695)	(436,641)	(6,704,318)	(23,722,941)
Total Medical Costs	96,166,105	93,617,427	90,962,508	95,042,500	92,559,903	88,973,837	1,120,728,749

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2022	JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022
PHYSICIAN SERVICES						
Primary Care Physician Services	11.23	12.73	12.38	13.40	11.76	11.41
Referral Specialty Services	36.82	41.33	42.03	40.05	40.13	44.34
Urgent Care & After Hours Advise	8.62	8.17	9.30	4.65	4.78	3.48
Hospital Admitting Team	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	56.69	62.26	63.74	58.13	56.69	59.25
OTHER PROFESSIONAL SERVICES						
Vision Service Capitation	0.96	0.96	1.03	1.00	0.99	1.00
Medical Departments - UM Allocation *	6.06	5.85	6.18	5.72	6.08	5.75
Behavior Health Treatment	3.70	3.17	4.56	4.47	3.71	4.68
Mental Health Services	1.25	0.49	0.44	0.43	0.22	0.31
Other Professional Services	4.33	5.33	4.60	5.43	4.31	4.28
TOTAL OTHER PROFESSIONAL SERVICES	16.30	15.80	16.82	17.04	15.32	16.01
EMERGENCY ROOM	16.84	16.43	16.48	16.20	13.11	9.92
INPATIENT HOSPITAL	66.63	64.56	64.75	64.71	67.78	61.23
REINSURANCE EXPENSE PREMIUM	0.17	0.17	0.18	0.18	0.18	0.18
OUTPATIENT HOSPITAL SERVICES	26.55	26.50	27.80	26.88	26.23	28.80
OTHER MEDICAL						
Ambulance and NEMT	4.27	4.17	4.29	4.66	4.45	2.59
Home Health Services & CBAS	2.37	2.62	2.69	2.48	3.29	3.31
Utilization and Quality Review Expenses	2.48	2.43	1.61	2.30	3.29	2.01
Long Term/SNF/Hospice	5.13	5.38	6.20	6.28	5.61	3.49
Provider Enhancement Expense - Prop. 56	18.77	18.76	18.84	18.68	18.60	18.89
Provider Enhancement Expense - GEMT	1.50	1.49	0.96	1.13	1.52	1.55
Vaccine Incentive Program Expense	3.70	5.25	0.55	0.43	0.00	0.27
Behaviorial Health Integration Program	2.66	2.66	2.64	0.72	0.69	0.69
Enhanced Care Management	6.54	5.03	5.83	5.78	5.77	5.85
Major Organ Transplant	1.53	1.53	1.59	1.53	1.52	1.54
Cal AIM Incentive Programs	4.01	4.05	3.49	4.08	4.02	5.66
DME	2.85	3.14	1.83	3.86	2.87	2.77
TOTAL OTHER MEDICAL	55.81	56.51	50.53	51.93	51.64	48.61
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	1.49	1.50	1.50	1.50
HOSPITAL DIRECTED PAYMENTS	56.92	56.90	57.44	56.90	56.80	57.25
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	0.74	0.08	85.37	0.01	(0.01)	0.02
NON-CLAIMS EXPENSE ADJUSTMENT	0.14	0.01	1.83	0.20	(4.35)	0.09
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.00	(3.26)	(12.76)	(8.94)	(11.80)	(12.75)
Total Medical Costs	298.30	297.48	373.67	284.74	273.10	270.09

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH DECEMBER 31, 2022	JULY 2022	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	YEAR TO DATE 2022
PHYSICIAN SERVICES							
Primary Care Physician Services	12.21	10.15	11.84	10.76	11.10	11.20	11.56
Referral Specialty Services	39.11	38.27	40.67	38.91	38.10	38.32	39.44
Urgent Care & After Hours Advise	7.32	7.56	4.61	5.51	6.45	6.37	6.32
Hospital Admitting Team	0.03	0.03	0.03	0.03	0.03	0.03	0.03
TOTAL PHYSICIAN SERVICES	58.67	56.00	57.14	55.21	55.68	55.93	57.35
OTHER PROFESSIONAL SERVICES							
Vision Service Capitation	0.98	0.99	1.01	0.99	0.98	1.11	0.99
Medical Departments - UM Allocation *	5.91	5.73	5.80	5.89	5.83	9.39	6.10
Behavior Health Treatment	4.30	5.53	3.94	4.09	4.13	5.22	4.25
Mental Health Services	0.35	0.21	0.55	0.46	0.67	0.54	0.49
Other Professional Services	4.34	3.56	4.12	3.88	4.75	4.45	4.40
TOTAL OTHER PROFESSIONAL SERVICES	15.88	16.03	15.42	15.32	16.37	20.71	16.23
EMERGENCY ROOM	14.72	14.34	14.65	14.56	17.12	17.04	14.95
INPATIENT HOSPITAL	70.88	64.11	69.95	68.25	55.47	42.23	62.85
REINSURANCE EXPENSE PREMIUM	(0.10)	(0.08)	0.44	0.18	0.18	0.20	0.15
OUTPATIENT HOSPITAL SERVICES	30.95	30.55	28.69	28.32	26.29	30.49	27.89
OTHER MEDICAL							
Ambulance and NEMT	4.20	4.36	4.90	4.62	4.56	5.19	4.31
Home Health Services & CBAS	3.35	2.40	2.27	2.36	3.12	3.35	2.77
Utilization and Quality Review Expenses	2.15	2.07	3.30	3.05	2.66	4.05	2.59
Long Term/SNF/Hospice	5.41	5.22	4.83	4.61	4.19	1.39	4.77
Provider Enhancement Expense - Prop. 56	16.06	16.04	16.04	15.97	16.13	17.96	17.36
Provider Enhancement Expense - GEMT	1.55	1.68	1.60	1.50	1.37	2.11	1.48
Vaccine Incentive Program Expense	0.01	0.01	0.00	(0.01)	0.03	0.08	0.83
Behavioral Health Integration Program	0.68	0.68	0.68	0.67	0.67	0.74	1.16
Enhanced Care Management	5.90	5.86	5.94	5.91	4.55	8.74	5.90
Major Organ Transplant	1.56	1.50	1.57	1.56	1.57	1.75	1.54
Cal AIM Incentive Programs	3.70	4.09	4.15	6.49	7.61	(28.39)	2.08
DME	3.08	3.01	3.03	3.16	2.88	4.96	3.08
TOTAL OTHER MEDICAL	47.65	46.90	48.31	49.88	49.35	21.94	47.87
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.49	1.51	1.50	1.49	1.69	1.50
HOSPITAL DIRECTED PAYMENTS	57.71	57.23	57.86	57.61	58.21	92.47	59.50
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	0.03	(0.01)	(12.47)	0.03	(0.02)	41.74	9.17
NON-CLAIMS EXPENSE ADJUSTMENT	0.05	0.02	0.03	(0.76)	0.01	(3.59)	(0.50)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	(0.74)	1.50	(2.42)	(1.32)	(1.32)	(22.48)	(6.16)
Total Medical Costs	297.20	288.09	279.09	288.78	278.84	298.36	290.81

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
1,141,181	459,798	(681,383)	110 - Executive	6,087,092	5,592,574	(494,518)
292,103	234,469	(57,634)	210 - Accounting	2,587,854	2,813,628	225,774
468,818	359,967	(108,851)	220 - Management Information Systems	4,485,248	4,319,603	(165,645)
52,111	54,298	2,187	221 - Business Intelligence	434,757	651,576	216,819
414,710	383,664	(31,046)	222 - Enterprise Development	3,585,622	4,603,968	1,018,346
625,197	533,193	(92,004)	225 - Infrastructure	6,028,984	6,398,316	369,332
863,755	615,321	(248,434)	230 - Claims	7,140,227	7,383,852	243,625
194,196	187,947	(6,249)	240 - Project Management	1,970,072	2,255,364	285,292
229,140	180,989	(48,151)	310 - Health Services - Utilization Management	1,931,130	2,171,868	240,738
518	14,039	13,521	311 - Health Services - Quality Improvement	1,918	168,468	166,550
142	513	371	312 - Health Services - Education	1,402	6,156	4,754
51,623	50,828	(795)	313- Pharmacy	445,265	609,936	164,671
4,365	2,308	(2,057)	314 - Enhanced Care Management	113,914	27,696	(86,218)
86,184	74,558	(11,626)	316 -Population Health Management	741,013	894,696	153,683
9	333	324	317 - Community Based Services	492	3,996	3,504
7	-	(7)	318 - Housing & Homeless Incentive Program	13	-	(13)
442,112	359,942	(82,170)	320 - Provider Network Management	3,849,640	4,319,304	469,664
1,276,805	871,663	(405,142)	330 - Member Services	8,946,025	10,459,956	1,513,931
910,011	721,857	(188,154)	340 - Corporate Services	9,514,100	8,662,284	(851,816)
191,794	97,177	(94,617)	360 - Audit & Investigative Services	1,119,841	1,166,124	46,283
115,881	92,450	(23,431)	410 - Advertising Media	753,003	1,109,400	356,397
78,989	76,696	(2,293)	420 - Sales/Marketing/Public Relations	832,783	920,352	87,569
344,283	303,042	(41,241)	510 - Human Resources	3,660,682	3,636,504	(24,178)
508,526	(92,324)	(600,850)	Administrative Expense Adjustment	3,212,805	(1,107,888)	(4,320,693)
8,292,460	5,582,728	(2,709,732)	Total Administrative Expenses	67,443,882	67,067,733	(376,149)

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2022	JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022
110 - Executive	424,308	403,286	429,743	446,418	470,648	353,073
210 - Accounting	233,241	178,928	252,864	163,976	225,728	222,884
220 - Management Information Systems (MIS)	335,777	238,917	337,588	352,426	352,473	336,194
221 - Business Intelligence	13,042	65,687	31,834	45,508	45,708	16,186
222 - Enterprise Development	307,654	250,898	286,566	265,813	303,353	291,350
225 - Infrastructure	473,799	427,685	536,529	343,776	562,405	524,493
230 - Claims	582,040	548,583	591,767	559,648	590,588	529,776
240 - Project Management	171,917	152,433	174,210	123,662	152,467	105,055
310 - Health Services - Utilization Management	139,536	126,622	128,165	132,502	154,797	166,719
311 - Health Services - Quality Improvement	277	15,545	(90)	186	(15,257)	178
312 - Health Services - Education	-	180	2,174	310	89	222
313- Pharmacy	39,824	36,716	38,879	36,385	35,680	34,727
314 - Enhanced Care Management	3,281	241	19	12,005	22,519	12,559
316 -Population Health Management	65,121	62,696	63,150	64,161	66,172	55,430
317 - Community Based Services	-	24	22	17	5	36
318 - Housing & Homeless Incentive Program	-	-	-	-	9,346	(9,346)
320 - Provider Network Management	327,923	326,761	325,559	269,804	308,858	305,807
330 - Member Services	754,477	623,424	700,611	644,994	694,732	635,012
340 - Corporate Services	786,930	685,514	778,083	735,005	751,597	842,924
360 - Audit & Investigative Services	69,757	69,895	71,016	82,269	83,957	69,158
410 - Advertising Media	11,825	27,353	55,984	38,254	34,202	52,260
420 - Sales/Marketing/Public Relations	66,531	51,460	70,326	65,913	62,815	72,927
510 - Human Resources	309,451	254,507	352,740	341,377	295,995	236,093
Total Department Expenses	5,116,711	4,547,355	5,227,739	4,724,409	5,208,877	4,853,717
ADMINISTRATIVE EXPENSE ADJUSTMENT	(1,904)	(44,283)	31,776	164,256	(2,834)	811,890
Total Administrative Expenses	5,114,807	4,503,072	5,259,515	4,888,665	5,206,043	5,665,607

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED DECEMBER 31, 2022	JULY 2022	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	YEAR TO DATE 2022
110 - Executive	504,491	507,150	480,177	415,725	510,892	1,141,181	6,087,092
210 - Accounting	202,574	217,615	205,332	194,777	197,832	292,103	2,587,854
220 - Management Information Systems (MIS)	449,253	372,062	379,477	401,399	460,864	468,818	4,485,248
221 - Business Intelligence	42,730	15,934	35,696	42,115	28,206	52,111	434,757
222 - Enterprise Development	256,153	306,526	262,856	324,056	315,687	414,710	3,585,622
225 - Infrastructure	450,547	601,972	415,178	490,604	576,799	625,197	6,028,984
230 - Claims	654,284	578,899	474,159	598,883	567,845	863,755	7,140,227
240 - Project Management	152,605	157,820	252,716	169,021	163,970	194,196	1,970,072
310 - Health Services - Utilization Management	167,284	163,063	169,157	185,718	168,427	229,140	1,931,130
311 - Health Services - Quality Improvement	1,002	823	317	(1,702)	121	518	1,918
312 - Health Services - Education	895	37	(2,865)	130	88	142	1,402
313- Pharmacy	33,787	23,774	43,043	35,057	35,770	51,623	445,265
314 - Enhanced Care Management	16,919	22,248	18,382	452	924	4,365	113,914
316 -Population Health Management	54,747	51,020	55,570	57,087	59,675	86,184	741,013
317 - Community Based Services	7	157	25	156	34	9	492
318 - Housing & Homeless Incentive Program	42	(42)	-	6	-	7	13
320 - Provider Network Management	307,080	299,800	313,213	324,920	297,803	442,112	3,849,640
330 - Member Services	682,669	677,858	715,313	789,492	750,638	1,276,805	8,946,025
340 - Corporate Services	814,888	815,575	836,837	741,929	814,807	910,011	9,514,100
360 - Audit & Investigative Services	91,281	88,356	86,380	117,460	98,518	191,794	1,119,841
410 - Advertising Media	169,122	54,424	23,027	43,549	127,122	115,881	753,003
420 - Sales/Marketing/Public Relations	58,511	60,358	75,839	137,183	31,931	78,989	832,783
510 - Human Resources	340,172	294,858	338,192	284,163	268,851	344,283	3,660,682
Total Department Expenses	5,451,043	5,310,287	5,178,021	5,352,180	5,476,804	7,783,934	64,231,077
ADMINISTRATIVE EXPENSE ADJUSTMENT	425,467	300,000	420,793	299,429	299,689	508,526	3,212,805
Total Administrative Expenses	5,876,510	5,610,287	5,598,814	5,651,609	5,776,493	8,292,460	67,443,882

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF DECEMBER 31, 2022			
ASSETS	DECEMBER 2022	NOVEMBER 2022	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,124,665	\$ 1,145,891	(21,226)
Interest Receivable	5,960	2,400	3,560
TOTAL CURRENT ASSETS	\$ 1,130,625	\$ 1,148,291	\$ (17,666)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	\$ -	\$ -	\$ -
NET POSITION:			
Net Position- Beg. of Year	1,136,102	1,136,102	-
Increase (Decrease) in Net Position - Current Year	(5,477)	12,189	(17,666)
Total Net Position	\$ 1,130,625	\$ 1,148,291	\$ (17,666)
TOTAL LIABILITIES AND NET POSITION	\$ 1,130,625	\$ 1,148,291	\$ (17,666)

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED DECEMBER 31, 2022	YEAR-TO-DATE		
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
3,560	-	3,560	Interest	12,847	-	12,847
(21,226)	-	(21,226)	Other Investment Income	(18,324)	-	(18,324)
(17,666)	-	(17,666)	TOTAL REVENUES	(5,477)	-	(5,477)
EXPENSES						
-	-	-	Medical Costs	-	-	-
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
(17,666)	-	(17,666)	GROSS MARGIN	(5,477)	-	(5,477)
Administrative						
-	-	-	Management Fee Expense and Other Admin Exp	-	-	-
-	-	-	Total Administrative Expenses	-	-	-
-	-	-	TOTAL EXPENSES	-	-	-
(17,666)	-	(17,666)	OPERATING INCOME (LOSS)	(5,477)	-	(5,477)
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
(17,666)	-	(17,666)	NET INCREASE (DECREASE) IN NET POSITION	(5,477)	-	(5,477)
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	0%	0%	0%

**KERN HEALTH SYSTEMS
MONTHLY MEMBERS COUNT**

KERN HEALTH SYSTEMS

MEDI-CAL		2022 MEMBER MONTHS	JAN'22	FEB'22	MAR'22	APR'22	MAY'22	JUN'22	JULY'22	AUG'22	SEPT'22	OCT'22	NOV'22	DEC'22
ADULT AND FAMILY														
ADULT	756,826	60,708	60,882	61,379	61,726	61,739	62,276	63,581	64,006	64,336	65,252	65,208	65,733	
CHILD	1,703,029	139,223	139,605	140,344	141,029	141,356	141,902	142,505	142,059	142,208	142,524	143,228	147,046	
SUB-TOTAL ADULT & FAMILY	2,459,855	199,931	200,487	201,723	202,755	203,095	204,178	206,086	206,065	206,544	207,776	208,436	212,779	
OTHER MEMBERS														
PARTIAL DUALS - FAMILY	9,850	824	801	811	796	815	837	842	814	844	828	838	800	
PARTIAL DUALS - CHILD	0	0	0	0	0	0	0	0	0	0	0	0	0	
PARTIAL DUALS - BCCTP	74	4	13	6	5	5	5	6	6	6	6	6	6	
FULL DUALS (SPD)														
SPD FULL DUALS	104,225	8,138	8,257	8,336	8,411	8,662	8,572	8,684	8,794	8,813	9,027	9,168	9,363	
SUBTOTAL OTHER MEMBERS	114,149	8,966	9,071	9,153	9,212	9,482	9,414	9,532	9,614	9,663	9,861	10,012	10,169	
TOTAL FAMILY & OTHER	2,574,004	208,897	209,558	210,876	211,967	212,577	213,592	215,618	215,679	216,207	217,637	218,448	222,948	
SPD														
SPD (AGED AND DISABLED)	201,877	16,556	16,376	16,516	16,363	16,305	16,794	16,817	17,118	17,289	17,179	17,063	17,501	
MEDI-CAL EXPANSION														
ACA Expansion Adult-Citizen	1,059,952	82,803	83,199	83,828	85,037	85,412	87,526	89,680	90,672	90,902	92,658	93,776	94,459	
ACA Expansion Duals	17,034	1,086	1,148	1,270	1,324	1,369	1,421	1,457	1,492	1,522	1,647	1,692	1,606	
SUB-TOTAL MED-CAL EXPANSION	1,076,986	83,889	84,347	85,098	86,361	86,781	88,947	91,137	92,164	92,424	94,305	95,468	96,065	
TOTAL KAISER	165,042	12,787	13,032	13,253	13,407	13,552	13,722	13,842	13,972	14,126	14,281	14,433	14,635	
TOTAL MEDI-CAL MEMBERS	4,017,909	322,129	323,313	325,743	328,098	329,215	333,055	337,414	338,933	340,046	343,402	345,412	351,149	



To: KHS Finance Committee

From: Robert Landis, CFO

Date: April 7, 2023

Re: January 2023 Financial Results

The January results reflect a \$7,637,615 Net Increase in Net Position which is a \$10,253,840 favorable variance to the budget. Listed below are the major variances for the month:

- 1) Total Revenues reflect a \$5.7 million unfavorable variance primarily due to:
 - A) \$6.4 million favorable variance primarily due to higher-than-expected budgeted membership.
 - B) \$2.4 million unfavorable variance primarily due to **timing differences** on waiting for DHCS approval over the next several months to record revenue under the CalAim Incentive Payment Program, Student Behavioral Health Incentive Program and the Housing and Homelessness Incentive Program offset against expense amounts included in 2B below.
 - C) \$11.4 million unfavorable variance in Premium-MCO Tax due to the elimination of the MCO Tax for Calendar Year 2023. This amount is offset against MCO Tax Expense included in 3 below.
 - D) \$2.5 million favorable variance in Premium-Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2023 from DHCS in February 2023 offset against amounts included in 2C below.

- 2) Total Medical Costs reflect a \$2.9 million favorable variance primarily due to:
 - A) \$1.2 million favorable variance in Other Professional Services primarily due to the timing of hiring 2023 Budgeted Utilization Management Employees during the first quarter of 2023.
 - B) \$2.9 million favorable variance primarily in Other Medical primarily due to **timing differences** on waiting for providers to submit invoices to record expenses under the CalAim Incentive Payment Program, Student Behavioral Health Incentive Program and the Housing and Homelessness Incentive Program offset against revenue amounts included in 1B above.

C) \$2.5 million unfavorable variance in Hospital Directed Payments primarily due to receiving updated rate information for Calendar Year 2023 from DHCS in February 2023 offset against amounts included in 1D above.

3) \$11.4 million favorable variance in MCO Tax due to the elimination of the MCO Tax for Calendar Year 2023. This amount is offset against Premium-MCO Tax included in 1C above.

The January Medical Loss Ratio is 85.2% which is favorable to the 94.3% budgeted amount. The January Administrative Expense Ratio is 6.5% which is favorable to the 7.9% budgeted amount.

**Kern Health Systems
Financial Packet
January 2023**

KHS – Medi-Cal Line of Business

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KHS Group Health Plan – Healthy Families Line of Business

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KHS Administrative Analysis and Other Reporting

Monthly Member Count	Page 17
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KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF NET POSITION AS OF JANUARY 31, 2023			
ASSETS	JANUARY 2023	DECEMBER 2022	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 146,636,659	\$ 99,137,387	\$ 47,499,272
Short-Term Investments	258,356,298	317,979,109	(59,622,811)
Premiums Receivable - Net	91,980,380	102,277,912	(10,297,532)
Premiums Receivable - Hospital Direct Payments	457,340,977	436,815,600	20,525,377
Interest Receivable	129,012	389,179	(260,167)
Provider Advance Payment	1,076,436	844,067	232,369
Other Receivables	1,965,813	1,803,091	162,722
Prepaid Expenses & Other Current Assets	3,781,227	3,217,027	564,200
Total Current Assets	\$ 961,266,802	\$ 962,463,372	\$ (1,196,570)
CAPITAL ASSETS - NET OF ACCUM DEPREE:			
Land	4,090,706	4,090,706	-
Furniture and Equipment - Net	1,221,770	1,241,823	(20,053)
Computer Hardware and Software - Net	22,633,344	23,159,335	(525,991)
Building and Building Improvements - Net	33,639,091	33,715,199	(76,108)
Capital Projects in Progress	2,251,492	2,241,699	9,793
Total Capital Assets	\$ 63,836,403	\$ 64,448,762	\$ (612,359)
LONG TERM ASSETS:			
Provider Advance Payment	-	263,964	(263,964)
Restricted Investments	300,000	300,000	-
Officer Life Insurance Receivables	1,588,890	1,588,890	-
Total Long Term Assets	\$ 1,888,890	\$ 2,152,854	\$ (263,964)
DEFERRED OUTFLOWS OF RESOURCES	\$ 8,154,860	\$ 8,154,860	\$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,035,146,955	\$ 1,037,219,848	\$ (2,072,893)
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accrued Salaries and Employee Benefits	\$ 4,663,421	\$ 4,139,353	524,068
Accrued Other Operating Expenses	4,107,630	4,353,705	(246,075)
Accrued Taxes and Licenses	-	32,495,339	(32,495,339)
Claims Payable (Reported)	16,907,221	18,643,958	(1,736,737)
IBNR - Inpatient Claims	49,331,713	51,058,132	(1,726,419)
IBNR - Physician Claims	19,599,991	17,600,496	1,999,495
IBNR - Accrued Other Medical	29,184,581	27,425,468	1,759,113
Risk Pool and Withholds Payable	4,004,381	3,505,791	498,590
Statutory Allowance for Claims Processing Expense	2,831,842	2,831,842	-
Other Liabilities	110,214,837	109,327,418	887,419
Accrued Hospital Directed Payments	457,158,635	436,633,258	20,525,377
Total Current Liabilities	\$ 698,004,252	\$ 708,014,760	\$ (10,010,508)
NONCURRENT LIABILITIES:			
Net Pension Liability	10,518,206	10,218,206	300,000
TOTAL NONCURRENT LIABILITIES	\$ 10,518,206	\$ 10,218,206	\$ 300,000
DEFERRED INFLOWS OF RESOURCES	\$ 230,571	\$ 230,571	\$ -
NET POSITION:			
Net Position - Beg. of Year	318,756,311	247,476,325	71,279,986
Increase (Decrease) in Net Position - Current Year	7,637,615	71,279,986	(63,642,371)
Total Net Position	\$ 326,393,926	\$ 318,756,311	\$ 7,637,615
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,035,146,955	\$ 1,037,219,848	\$ (2,072,893)

CURRENT MONTH MEMBERS			KERN HEALTH SYSTEMS MEDI-CAL - ALL COA STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE MEMBER MONTHS		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
208,290	209,000	(710)	Family Members	208,290	209,000	(710)
96,149	92,500	3,649	Expansion Members	96,149	92,500	3,649
17,442	17,000	442	SPD Members	17,442	17,000	442
27	-	27	LTC Members	27	-	27
10,506	8,700	1,806	Other Members	10,506	8,700	1,806
14,759	14,000	759	Kaiser Members	14,759	14,000	759
347,173	341,200	5,973	Total Members - MCAL	347,173	341,200	5,973
REVENUES						
38,355,206	38,588,794	(233,588)	Title XIX - Medicaid - Family and Other	38,355,206	38,588,794	(233,588)
35,864,920	33,143,366	2,721,554	Title XIX - Medicaid - Expansion Members	35,864,920	33,143,366	2,721,554
18,119,057	16,794,927	1,324,130	Title XIX - Medicaid - SPD Members	18,119,057	16,794,927	1,324,130
201,227	-	201,227	Title XIX - Medicaid - LTC Members	201,227	-	201,227
-	11,430,201	(11,430,201)	Premium - MCO Tax	-	11,430,201	(11,430,201)
21,209,673	18,730,665	2,479,008	Premium - Hospital Directed Payments	21,209,673	18,730,665	2,479,008
1,400,146	398,193	1,001,953	Investment Earnings And Other Income	1,400,146	398,193	1,001,953
-	72,088	(72,088)	Reinsurance Recoveries	-	72,088	(72,088)
(684,297)	-	(684,297)	Rate Adjustments - Hospital Directed Payments	(684,297)	-	(684,297)
(968,410)	-	(968,410)	Rate/Income Adjustments	(968,410)	-	(968,410)
113,497,522	119,158,234	(5,660,712)	TOTAL REVENUES	113,497,522	119,158,234	(5,660,712)
EXPENSES						
Medical Costs:						
20,302,072	20,420,080	118,008	Physician Services	20,302,072	20,420,080	118,008
5,493,905	6,719,129	1,225,224	Other Professional Services	5,493,905	6,719,129	1,225,224
5,195,994	5,462,936	266,942	Emergency Room	5,195,994	5,462,936	266,942
22,641,712	22,541,723	(99,989)	Inpatient	22,641,712	22,541,723	(99,989)
90,859	72,088	(18,771)	Reinsurance Expense	90,859	72,088	(18,771)
9,616,781	9,792,000	175,219	Outpatient Hospital	9,616,781	9,792,000	175,219
15,528,820	18,462,505	2,933,685	Other Medical	15,528,820	18,462,505	2,933,685
498,590	491,512	(7,078)	Pay for Performance Quality Incentive	498,590	491,512	(7,078)
21,209,673	18,730,665	(2,479,008)	Hospital Directed Payments	21,209,673	18,730,665	(2,479,008)
(684,297)	-	684,297	Hospital Directed Payment Adjustment	(684,297)	-	684,297
(128,832)	-	128,832	Non-Claims Expense Adjustment	(128,832)	-	128,832
9,076	-	(9,076)	IBNR, Incentive, Paid Claims Adjustment	9,076	-	(9,076)
99,774,353	102,692,638	2,918,285	Total Medical Costs	99,774,353	102,692,638	2,918,285
13,723,169	16,465,596	(2,742,427)	GROSS MARGIN	13,723,169	16,465,596	(2,742,427)
Administrative:						
3,547,045	4,009,841	462,796	Compensation	3,547,045	4,009,841	462,796
939,926	1,690,082	750,156	Purchased Services	939,926	1,690,082	750,156
87,606	227,316	139,710	Supplies	87,606	227,316	139,710
680,616	649,950	(30,666)	Depreciation	680,616	649,950	(30,666)
660,263	449,119	(211,144)	Other Administrative Expenses	660,263	449,119	(211,144)
109,675	-	(109,675)	Administrative Expense Adjustment	109,675	-	(109,675)
6,025,131	7,026,307	1,001,176	Total Administrative Expenses	6,025,131	7,026,307	1,001,176
105,799,484	109,718,945	3,919,461	TOTAL EXPENSES	105,799,484	109,718,945	3,919,461
7,698,038	9,439,290	(1,741,252)	OPERATING INCOME (LOSS) BEFORE TAX	7,698,038	9,439,290	(1,741,252)
-	11,430,201	11,430,201	MCO TAX	-	11,430,201	11,430,201
7,698,038	(1,990,911)	9,688,949	OPERATING INCOME (LOSS) NET OF TAX	7,698,038	(1,990,911)	9,688,949
NONOPERATING REVENUE (EXPENSE)						
34,557	-	34,557	Provider Grants/CalAIM/Home Health	34,557	-	34,557
(94,980)	(625,313)	530,333	D-SNP Expenses	(94,980)	(625,313)	530,333
(60,423)	(625,313)	564,890	TOTAL NONOPERATING REVENUE (EXPENSE)	(60,423)	(625,313)	564,890
7,637,615	(2,616,225)	10,253,840	NET INCREASE (DECREASE) IN NET POSITION	7,637,615	(2,616,225)	10,253,840
85.2%	94.3%	9.1%	MEDICAL LOSS RATIO	85.2%	94.3%	9.1%
6.5%	7.9%	1.4%	ADMINISTRATIVE EXPENSE RATIO	6.5%	7.9%	1.4%

			KERN HEALTH SYSTEMS MEDI-CAL					
CURRENT MONTH			STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PMPM			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	FOR THE MONTH ENDED JANUARY 31, 2023			ACTUAL	BUDGET	VARIANCE
ENROLLMENT								
208,290	209,000	(710)	Family Members			208,290	209,000	(710)
96,149	92,500	3,649	Expansion Members			96,149	92,500	3,649
17,442	17,000	442	SPD Members			17,442	17,000	442
27	-	27	LTC Members			27	-	27
10,506	8,700	1,806	Other Members			10,506	8,700	1,806
14,759	14,000	759	Kaiser Members			14,759	14,000	759
347,173	341,200	5,973	Total Members - MCAL			347,173	341,200	5,973
REVENUES								
175.30	177.26	(1.96)	Title XIX - Medicaid - Family and Other			175.30	177.26	(1.96)
373.01	358.31	14.71	Title XIX - Medicaid - Expansion Members			373.01	358.31	14.71
1,038.82	987.94	50.88	Title XIX - Medicaid - SPD Members			1,038.82	987.94	50.88
0.00	0.00	0.00	Title XIX - Medicaid - LTC Members			0.00	0.00	0.00
0.00	34.93	(34.93)	Premium - MCO Tax			0.00	34.93	(34.93)
63.80	57.25	6.56	Premium - Hospital Directed Payments			63.80	57.25	6.56
4.21	1.22	3.00	Investment Earnings And Other Income			4.21	1.22	3.00
0.00	0.22	(0.22)	Reinsurance Recoveries			0.00	0.22	(0.22)
(2.06)	0.00	(2.06)	Rate Adjustments - Hospital Directed Payments			(2.06)	0.00	(2.06)
(2.91)	0.00	(2.91)	Rate/Income Adjustments			(2.91)	0.00	(2.91)
341.43	364.18	(22.74)	TOTAL REVENUES			341.43	364.18	(22.74)
EXPENSES								
Medical Costs:								
61.07	62.41	1.33	Physician Services			61.07	62.41	1.33
16.53	20.54	4.01	Other Professional Services			16.53	20.54	4.01
15.63	16.70	1.06	Emergency Room			15.63	16.70	1.06
68.11	68.89	0.78	Inpatient			68.11	68.89	0.78
0.27	0.22	(0.05)	Reinsurance Expense			0.27	0.22	(0.05)
28.93	29.93	1.00	Outpatient Hospital			28.93	29.93	1.00
46.72	56.43	9.71	Other Medical			46.72	56.43	9.71
1.50	1.50	0.00	Pay for Performance Quality Incentive			1.50	1.50	0.00
63.80	57.25	(6.56)	Hospital Directed Payments			63.80	57.25	(6.56)
(2.06)	0.00	2.06	Hospital Directed Payment Adjustment			(2.06)	0.00	2.06
(0.39)	0.00	0.39	Non-Claims Expense Adjustment			(0.39)	0.00	0.39
0.03	0.00	(0.03)	IBNR, Incentive, Paid Claims Adjustment			0.03	0.00	(0.03)
300.15	313.85	13.70	Total Medical Costs			300.15	313.85	13.70
41.28	50.32	(9.04)	GROSS MARGIN			41.28	50.32	(9.04)
Administrative:								
10.67	12.26	1.58	Compensation			10.67	12.26	1.58
2.83	5.17	2.34	Purchased Services			2.83	5.17	2.34
0.26	0.69	0.43	Supplies			0.26	0.69	0.43
2.05	1.99	(0.06)	Depreciation			2.05	1.99	(0.06)
1.99	1.37	(0.61)	Other Administrative Expenses			1.99	1.37	(0.61)
0.33	0.00	(0.33)	Administrative Expense Adjustment			0.33	0.00	(0.33)
18.13	21.47	3.35	Total Administrative Expenses			18.13	21.47	3.35
318.28	335.33	17.05	TOTAL EXPENSES			318.28	335.33	17.05
23.16	28.85	(5.69)	OPERATING INCOME (LOSS) BEFORE TAX			23.16	28.85	(5.69)
0.00	34.93	34.93	MCO TAX			0.00	34.93	34.93
23.16	(6.08)	29.24	OPERATING INCOME (LOSS) NET OF TAX			23.16	(6.08)	29.24
NONOPERATING REVENUE (EXPENSE)								
0.00	0.00	0.00	Gain on Sale of Assets			0.00	0.00	0.00
0.10	0.00	0.10	Reserve Fund Projects/Community Grants			0.10	0.00	0.10
(0.29)	(1.91)	1.63	Health Home			(0.29)	(1.91)	1.63
(0.18)	(1.91)	1.73	TOTAL NONOPERATING REVENUE (EXPENSE)			(0.18)	(1.91)	1.73
22.98	(8.00)	30.97	NET INCREASE (DECREASE) IN NET POSITION			22.98	(8.00)	30.97
85.2%	94.3%	9.1%	MEDICAL LOSS RATIO			85.2%	94.3%	9.1%
6.5%	7.9%	1.4%	ADMINISTRATIVE EXPENSE RATIO			6.5%	7.9%	1.4%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2023	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
	2022	2022	2022	2022	2022	2022	2022
ENROLLMENT							
Members - MCAL	309,342	310,281	312,490	314,691	315,663	319,333	323,572
REVENUES							
Title XIX - Medicaid - Family and Other	37,009,614	37,126,546	36,539,594	36,762,722	35,766,911	37,731,384	37,514,641
Title XIX - Medicaid - Expansion Members	29,968,453	29,945,915	29,350,530	29,812,384	29,600,713	30,533,210	30,993,375
Title XIX - Medicaid - SPD Members	14,953,594	14,858,906	14,791,754	14,924,745	14,887,158	15,402,431	15,833,803
Title XIX - Medicaid - LTC Members	-	-	-	-	-	-	-
Premium - MCO Tax	9,899,314	9,894,054	9,893,826	9,894,054	9,872,493	9,910,584	10,883,460
Premium - Hospital Directed Payments	17,606,870	17,654,496	17,949,134	17,905,917	17,928,276	18,280,365	18,674,627
Investment Earnings And Other Income	329,573	86,457	(1,241,065)	(326,288)	357,517	(633,952)	1,002,315
Reinsurance Recoveries	-	-	-	-	-	-	-
Rate Adjustments - Hospital Directed Payments	230,177	24,013	26,907,309	3,898	(23,892)	5,129	9,235
Rate/Income Adjustments	957,475	977,794	493,268	59,935	(4,649,731)	(364,397)	350,036
TOTAL REVENUES	110,955,070	110,568,181	134,684,350	109,037,367	103,739,445	110,864,754	115,261,492
EXPENSES							
Medical Costs:							
Physician Services	17,538,030	19,319,317	19,919,152	18,291,501	17,895,843	18,921,901	18,984,281
Other Professional Services	5,041,033	4,902,710	5,254,779	5,361,545	4,835,075	5,112,961	5,137,341
Emergency Room	5,209,937	5,098,972	5,150,400	5,098,584	4,139,529	3,167,228	4,764,039
Inpatient	20,610,105	20,031,970	20,232,342	20,364,608	21,395,635	19,551,774	22,935,749
Reinsurance Expense	53,660	53,896	57,686	56,409	56,248	57,216	(33,668)
Outpatient Hospital	8,214,215	8,223,126	8,686,122	8,458,833	8,281,163	9,196,013	10,013,268
Other Medical	17,263,621	17,534,988	15,788,879	16,341,907	16,301,024	15,522,071	15,416,935
Pharmacy	-	-	-	-	-	-	-
Pay for Performance Quality Incentive	464,013	465,422	465,421	472,037	473,494	478,060	485,358
Hospital Directed Payments	17,606,870	17,654,496	17,949,134	17,905,917	17,928,276	18,280,365	18,674,627
Hospital Directed Payment Adjustment	230,177	24,013	26,678,156	3,898	(3,419)	5,129	9,235
Non-Claims Expense Adjustment	43,538	4,118	572,469	62,025	(1,371,999)	29,799	17,040
IBNR, Incentive, Paid Claims Adjustment	627	(1,010,781)	(3,987,493)	(2,812,496)	(3,724,314)	(4,072,490)	(238,100)
Total Medical Costs	92,275,826	92,302,247	116,767,047	89,604,768	86,206,555	86,250,027	96,166,105
GROSS MARGIN	18,679,244	18,265,934	17,917,303	19,432,599	17,532,890	24,614,727	19,095,387
Administrative:							
Compensation	3,116,842	2,847,002	3,108,703	3,075,151	3,259,102	2,980,813	3,307,910
Purchased Services	846,917	877,498	1,098,614	783,960	927,532	850,526	1,078,360
Supplies	191,908	(8,268)	103,207	41,533	145,499	66,970	74,368
Depreciation	571,126	571,126	571,126	570,835	575,899	626,073	576,074
Other Administrative Expenses	389,918	259,997	346,089	252,930	300,845	329,335	414,331
Administrative Expense Adjustment	(1,904)	(44,283)	31,776	164,256	(2,834)	811,890	425,467
Total Administrative Expenses	5,114,807	4,503,072	5,259,515	4,888,665	5,206,043	5,665,607	5,876,510
TOTAL EXPENSES	97,390,633	96,805,319	122,026,562	94,493,433	91,412,598	91,915,634	102,042,615
OPERATING INCOME (LOSS) BEFORE TAX	13,564,437	13,762,862	12,657,788	14,543,934	12,326,847	18,949,120	13,218,877
MCO TAX	9,894,054	9,894,054	9,893,826	9,894,054	9,888,018	9,894,051	10,883,459
OPERATING INCOME (LOSS) NET OF TAX	3,670,383	3,868,808	2,763,962	4,649,880	2,438,829	9,055,069	2,335,418
TOTAL NONOPERATING REVENUE (EXPENSE)	(400,389)	(986,700)	(1,001,012)	(1,110,153)	744,870	(1,996,822)	(3,380)
NET INCREASE (DECREASE) IN NET POSITION	3,269,994	2,882,108	1,762,950	3,539,727	3,183,699	7,058,247	2,332,038
MEDICAL LOSS RATIO	89.4%	89.9%	90.2%	88.3%	89.9%	82.2%	90.4%
ADMINISTRATIVE EXPENSE RATIO	6.1%	5.4%	6.6%	6.0%	6.9%	6.9%	6.9%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - ROLLING 13 MONTHS THROUGH JANUARY 31, 2023	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	13 MONTH
	2022	2022	2022	2022	2022	2023	TOTAL
ENROLLMENT							
Members - MCAL	324,961	325,920	329,121	331,947	336,514	332,414	4,484,454
REVENUES							
Title XIX - Medicaid - Family and Other	37,941,354	37,957,277	37,949,223	39,648,035	34,345,215	38,355,206	521,546,919
Title XIX - Medicaid - Expansion Members	31,238,545	31,275,148	31,549,369	32,934,833	30,862,645	35,864,920	434,171,760
Title XIX - Medicaid - SPD Members	15,065,828	15,760,220	15,913,345	15,878,315	15,500,822	18,119,057	218,356,491
Title XIX - Medicaid - LTC Members	-	-	-	-	-	201,227	201,227
Premium - MCO Tax	10,883,459	10,883,460	10,883,459	10,883,460	10,883,460	-	134,938,476
Premium - Hospital Directed Payments	18,595,974	18,857,014	18,961,885	19,322,384	27,573,903	21,209,673	267,356,988
Investment Earnings And Other Income	(121,473)	353,347	179,268	888,027	714,738	1,400,146	2,293,643
Reinsurance Recoveries	-	-	-	-	152,481	-	152,481
Rate Adjustments - Hospital Directed Payments	(4,343)	(4,606,563)	9,926	(5,267)	12,446,127	(684,297)	34,307,866
Rate/Income Adjustments	245,168	203,911	124,448	1,298,007	333,950	(968,410)	(932,921)
TOTAL REVENUES	113,844,512	110,683,814	115,570,923	120,847,794	132,813,341	113,497,522	1,612,432,930
EXPENSES							
Medical Costs:							
Physician Services	18,198,409	18,622,853	18,169,774	18,483,343	16,678,607	20,302,072	259,298,013
Other Professional Services	5,208,793	5,024,917	5,041,998	5,432,710	6,175,363	5,493,905	72,367,206
Emergency Room	4,661,044	4,773,821	4,790,820	5,682,299	5,082,054	5,195,994	67,206,343
Inpatient	20,834,103	22,797,560	22,462,437	18,414,421	12,591,938	22,641,712	282,001,916
Reinsurance Expense	(25,136)	142,533	58,493	58,838	59,818	90,859	772,999
Outpatient Hospital	9,928,749	9,352,210	9,319,855	8,727,267	9,093,742	9,616,781	123,194,503
Other Medical	15,241,576	15,744,662	16,418,094	16,382,849	6,543,097	15,528,820	211,530,877
Pharmacy	-	-	-	-	-	-	10,620,178
Pay for Performance Quality Incentive	485,358	490,964	493,681	493,681	504,771	498,590	7,690,850
Hospital Directed Payments	18,595,974	18,857,014	18,961,885	19,322,384	27,573,903	21,209,673	267,356,988
Hospital Directed Payment Adjustment	(4,343)	(4,064,727)	9,926	(5,266)	12,446,126	(684,297)	34,641,022
Non-Claims Expense Adjustment	5,019	9,821	(248,768)	4,018	(1,071,264)	(128,832)	(2,117,272)
IBNR, Incentive, Paid Claims Adjustment	487,881	(789,121)	(435,695)	(436,641)	(6,704,318)	9,076	(24,736,689)
Total Medical Costs	93,617,427	90,962,507	95,042,500	92,559,903	88,973,837	99,774,353	1,309,826,934
GROSS MARGIN							
Administrative:	20,227,085	19,721,307	20,528,423	28,287,891	43,839,504	13,723,169	302,605,996
Compensation	3,148,970	3,213,222	3,387,496	3,241,130	4,707,264	3,547,045	45,533,340
Purchased Services	1,144,312	997,356	1,009,393	1,034,408	1,262,419	939,926	14,206,695
Supplies	117,566	85,530	66,157	258,430	220,189	87,606	1,615,354
Depreciation	583,814	583,673	584,905	622,602	627,772	680,616	8,491,713
Other Administrative Expenses	315,625	298,240	304,229	320,234	966,290	660,263	5,764,032
Administrative Expense Adjustment	300,000	420,793	299,429	299,689	508,526	109,675	3,128,154
Total Administrative Expenses	5,610,287	5,598,814	5,651,609	5,776,493	8,292,460	6,025,131	78,739,288
TOTAL EXPENSES	99,227,714	96,561,321	100,694,109	98,336,396	97,266,297	105,799,484	1,388,566,222
OPERATING INCOME (LOSS) BEFORE TAX	14,616,798	14,122,493	14,876,814	22,511,398	35,547,044	7,698,038	223,866,708
MCO TAX	10,883,460	10,883,459	10,883,460	10,883,460	10,883,459	-	134,553,971
OPERATING INCOME (LOSS) NET OF TAX	3,733,338	3,239,034	3,993,354	11,627,938	24,663,585	7,698,038	89,312,737
TOTAL NONOPERATING REVENUE (EXPENSE)	57,925	(27,966)	(5,428)	4,000	(34,557)	(60,423)	(4,995,245)
NET INCREASE (DECREASE) IN NET POSITION	3,791,263	3,211,068	3,987,926	11,631,938	24,629,028	7,637,615	84,317,492
MEDICAL LOSS RATIO	88.9%	89.0%	88.7%	80.8%	59.8%	85.2%	85.7%
ADMINISTRATIVE EXPENSE RATIO	6.6%	6.5%	6.6%	6.4%	10.1%	6.5%	6.7%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2023	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
	2022	2022	2022	2022	2022	2022	2022
ENROLLMENT							
Members - MCAL	309,342	310,281	312,490	314,691	315,663	319,333	323,572
REVENUES							
Title XIX - Medicaid - Family and Other	177.17	177.17	173.28	173.44	168.25	176.65	173.99
Title XIX - Medicaid - Expansion Members	357.24	355.03	344.90	345.21	341.10	343.27	340.07
Title XIX - Medicaid - SPD Members	903.21	907.36	895.60	912.10	913.04	917.14	941.54
Title XIX - Medicaid - LTC Members	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premium - MCO Tax	32.00	31.89	31.66	31.44	31.28	31.04	33.64
Premium - Hospital Directed Payments	56.92	56.90	57.44	56.90	56.80	57.25	57.71
Investment Earnings And Other Income	1.07	0.28	(3.97)	(1.04)	1.13	(1.99)	3.10
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate Adjustments - Hospital Directed Payments	0.74	0.08	86.11	0.01	(0.08)	0.02	0.03
Rate/Income Adjustments	3.10	3.15	1.58	0.19	(14.73)	(1.14)	1.08
TOTAL REVENUES	358.68	356.35	431.00	346.49	328.64	347.18	356.22
EXPENSES							
Medical Costs:							
Physician Services	56.69	62.26	63.74	58.13	56.69	59.25	58.67
Other Professional Services	16.30	15.80	16.82	17.04	15.32	16.01	15.88
Emergency Room	16.84	16.43	16.48	16.20	13.11	9.92	14.72
Inpatient	66.63	64.56	64.75	64.71	67.78	61.23	70.88
Reinsurance Expense	0.17	0.17	0.18	0.18	0.18	0.18	(0.10)
Outpatient Hospital	26.55	26.50	27.80	26.88	26.23	28.80	30.95
Other Medical	55.81	56.51	50.53	51.93	51.64	48.61	47.65
Pharmacy	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pay for Performance Quality Incentive	1.50	1.50	1.49	1.50	1.50	1.50	1.50
Hospital Directed Payments	56.92	56.90	57.44	56.90	56.80	57.25	57.71
Hospital Directed Payment Adjustment	0.74	0.08	85.37	0.01	(0.01)	0.02	0.03
Non-Claims Expense Adjustment	0.14	0.01	1.83	0.20	(4.35)	0.09	0.05
IBNR, Incentive, Paid Claims Adjustment	0.00	(3.26)	(12.76)	(8.94)	(11.80)	(12.75)	(0.74)
Total Medical Costs	298.30	297.48	373.67	284.74	273.10	270.09	297.20
GROSS MARGIN	60.38	58.87	57.34	61.75	55.54	77.08	59.01
Administrative:							
Compensation	10.08	9.18	9.95	9.77	10.32	9.33	10.22
Purchased Services	2.74	2.83	3.52	2.49	2.94	2.66	3.33
Supplies	0.62	(0.03)	0.33	0.13	0.46	0.21	0.23
Depreciation	1.85	1.84	1.83	1.81	1.82	1.96	1.78
Other Administrative Expenses	1.26	0.84	1.11	0.80	0.95	1.03	1.28
Administrative Expense Adjustment	(0.01)	(0.14)	0.10	0.52	(0.01)	2.54	1.31
Total Administrative Expenses	16.53	14.51	16.83	15.53	16.49	17.74	18.16
TOTAL EXPENSES	314.83	311.99	390.50	300.27	289.59	287.84	315.36
OPERATING INCOME (LOSS) BEFORE TAX	43.85	44.36	40.51	46.22	39.05	59.34	40.85
MCO TAX	31.98	31.89	31.66	31.44	31.32	30.98	33.64
OPERATING INCOME (LOSS) NET OF TAX	11.87	12.47	8.84	14.78	7.73	28.36	7.22
TOTAL NONOPERATING REVENUE (EXPENSE)	(1.29)	(3.18)	(3.20)	(3.53)	2.36	(6.25)	(0.01)
NET INCREASE (DECREASE) IN NET POSITION	10.57	9.29	5.64	11.25	10.09	22.10	7.21
MEDICAL LOSS RATIO	89.4%	89.9%	90.2%	88.3%	89.9%	82.2%	90.4%
ADMINISTRATIVE EXPENSE RATIO	6.1%	5.4%	6.6%	6.0%	6.9%	6.9%	6.9%

KERN HEALTH SYSTEMS MEDI-CAL STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION BY MONTH - PMPM ROLLING 13 MONTHS THROUGH JANUARY 31, 2023	AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	JANUARY 2023	13 MONTH TOTAL
ENROLLMENT							
Members - MCAL	324,961	325,920	329,121	331,947	336,514	332,414	4,186,249
REVENUES							
Title XIX - Medicaid - Family and Other	175.92	175.56	174.37	180.89	156.69	175.30	173.53
Title XIX - Medicaid - Expansion Members	338.95	338.39	334.55	344.93	323.22	373.01	344.32
Title XIX - Medicaid - SPD Members	880.12	911.57	926.33	919.20	897.35	1,038.82	920.53
Title XIX - Medicaid - LTC Members	0.00	0.00	0.00	0.00	0.00	0.00	0.93
Premium - MCO Tax	33.49	33.39	33.07	32.79	32.34	0.00	29.78
Premium - Hospital Directed Payments	57.23	57.86	57.61	58.21	81.94	63.80	59.84
Investment Earnings And Other Income	(0.37)	1.08	0.54	2.68	2.12	4.21	0.71
Reinsurance Recoveries	0.00	0.00	0.00	0.00	0.45	0.00	0.04
Rate Adjustments - Hospital Directed Payments	(0.01)	(14.13)	0.03	(0.02)	36.99	(2.06)	8.20
Rate/Income Adjustments	0.75	0.63	0.38	3.91	0.99	(2.91)	(0.22)
TOTAL REVENUES	350.33	339.60	351.15	364.06	394.67	341.43	358.88
EXPENSES							
Medical Costs:							
Physician Services	56.00	57.14	55.21	55.68	49.56	61.07	57.65
Other Professional Services	16.03	15.42	15.32	16.37	18.35	16.53	16.25
Emergency Room	14.34	14.65	14.56	17.12	15.10	15.63	15.01
Inpatient	64.11	69.95	68.25	55.47	37.42	68.11	63.27
Reinsurance Expense	(0.08)	0.44	0.18	0.18	0.18	0.27	0.16
Outpatient Hospital	30.55	28.69	28.32	26.29	27.02	28.93	27.98
Other Medical	46.90	48.31	49.88	49.35	19.44	46.72	47.78
Pharmacy	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pay for Performance Quality Incentive	1.49	1.51	1.50	1.49	1.50	1.50	1.50
Hospital Directed Payments	57.23	57.86	57.61	58.21	81.94	63.80	59.84
Hospital Directed Payment Adjustment	(0.01)	(12.47)	0.03	(0.02)	36.99	(2.06)	8.28
Non-Claims Expense Adjustment	0.02	0.03	(0.76)	0.01	(3.18)	(0.39)	(0.50)
IBNR, Incentive, Paid Claims Adjustment	1.50	(2.42)	(1.32)	(1.32)	(19.92)	0.03	(5.66)
Total Medical Costs	288.09	279.09	288.78	278.84	268.04	300.15	291.55
GROSS MARGIN	62.24	60.51	62.37	85.22	126.64	41.28	67.33
Administrative:							
Compensation	9.69	9.86	10.29	9.76	13.99	10.67	10.26
Purchased Services	3.52	3.06	3.07	3.12	3.75	2.83	3.07
Supplies	0.36	0.26	0.20	0.78	0.65	0.26	0.35
Depreciation	1.80	1.79	1.78	1.88	1.87	2.05	1.85
Other Administrative Expenses	0.97	0.92	0.92	0.96	2.87	1.99	1.23
Administrative Expense Adjustment	0.92	1.29	0.91	0.90	1.51	0.33	0.79
Total Administrative Expenses	17.26	17.18	17.17	17.40	24.64	18.13	17.55
TOTAL EXPENSES	305.35	296.27	305.95	296.24	292.68	318.28	309.10
OPERATING INCOME (LOSS) BEFORE TAX	44.98	43.33	45.20	67.82	102.00	23.16	49.78
MCO TAX	33.49	33.39	33.07	32.79	32.34	0.00	29.78
OPERATING INCOME (LOSS) NET OF TAX	11.49	9.94	12.13	35.03	69.65	23.16	20.00
TOTAL NONOPERATING REVENUE (EXPENSE)	0.18	(0.09)	(0.02)	0.01	(0.10)	(0.18)	(1.15)
NET INCREASE (DECREASE) IN NET POSITION	11.67	9.85	12.12	35.04	69.55	22.98	18.85
MEDICAL LOSS RATIO	88.9%	89.0%	88.7%	80.8%	61.3%	85.2%	85.6%
ADMINISTRATIVE EXPENSE RATIO	6.6%	6.5%	6.6%	6.4%	10.1%	6.5%	6.7%

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF REVENUES - ALL COA FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
R E V E N U E S						
Title XIX - Medicaid - Family & Other						
30,888,919	29,622,758	1,266,161	Premium - Medi-Cal	30,888,919	29,622,758	1,266,161
2,910,453	2,782,482	127,971	Premium - Maternity Kick	2,910,453	2,782,482	127,971
545,350	510,205	35,145	Premium - Enhanced Care Management	545,350	510,205	35,145
192,262	141,622	50,640	Premium - Major Organ Transplant	192,262	141,622	50,640
-	435,209	(435,209)	Premium - Cal AIM	-	435,209	(435,209)
3,541,632	4,198,354	(656,722)	Premium - Provider Enhancement	3,541,632	4,198,354	(656,722)
162,846	182,920	(20,074)	Premium - Ground Emergency Medical Transportation	162,846	182,920	(20,074)
-	245,400	(245,400)	Premium - Student Behavioral Health Incentive	-	245,400	(245,400)
-	352,514	(352,514)	Premium - Housing and Homelessness Incentive	-	352,514	(352,514)
113,744	117,330	(3,586)	Other	113,744	117,330	(3,586)
38,355,206	38,588,794	(233,588)	Total Title XIX - Medicaid - Family & Other	38,355,206	38,588,794	(233,588)
Title XIX - Medicaid - Expansion Members						
32,190,066	28,771,050	3,419,017	Premium - Medi-Cal	32,190,066	28,771,050	3,419,017
609,164	236,486	372,678	Premium - Maternity Kick	609,164	236,486	372,678
790,209	936,390	(146,181)	Premium - Enhanced Care Management	790,209	936,390	(146,181)
325,628	233,870	91,758	Premium - Major Organ Transplant	325,628	233,870	91,758
-	405,655	(405,655)	Premium - Cal AIM	-	405,655	(405,655)
1,680,268	1,847,705	(167,437)	Premium - Provider Enhancement	1,680,268	1,847,705	(167,437)
234,340	202,131	32,209	Premium - Ground Emergency Medical Transportation	234,340	202,131	32,209
-	195,905	(195,905)	Premium - Student Behavioral Health Incentive	-	195,905	(195,905)
-	281,415	(281,415)	Premium - Housing and Homelessness Incentive	-	281,415	(281,415)
35,245	32,760	2,485	Other	35,245	32,760	2,485
35,864,920	33,143,366	2,721,554	Total Title XIX - Medicaid - Expansion Members	35,864,920	33,143,366	2,721,554
Title XIX - Medicaid - SPD Members						
16,856,627	14,990,405	1,866,222	Premium - Medi-Cal	16,856,627	14,990,405	1,866,222
399,252	486,030	(86,778)	Premium - Enhanced Care Management	399,252	486,030	(86,778)
232,938	154,530	78,408	Premium - Major Organ Transplant	232,938	154,530	78,408
-	229,926	(229,926)	Premium - Cal AIM	-	229,926	(229,926)
494,818	505,909	(11,091)	Premium - Provider Enhancement	494,818	505,909	(11,091)
135,422	136,170	(748)	Premium - Ground Emergency Medical Transportation	135,422	136,170	(748)
-	119,827	(119,827)	Premium - Student Behavioral Health Incentive	-	119,827	(119,827)
-	172,130	(172,130)	Premium - Housing and Homelessness Incentive	-	172,130	(172,130)
18,119,057	16,794,927	1,324,130	Total Title XIX - Medicaid - SPD Members	18,119,057	16,794,927	1,324,130
Title XIX - Medicaid - LTC Members						
199,854	-	199,854	Premium - Medi-Cal	199,854	-	199,854
602	-	602	Premium - Enhanced Care Management	602	-	602
722	-	722	Premium - Major Organ Transplant	722	-	722
-	-	-	Premium - Cal AIM	-	-	-
11	-	11	Premium - Provider Enhancement	11	-	11
38	-	38	Premium - Ground Emergency Medical Transportation	38	-	38
-	-	-	Premium - Student Behavioral Health Incentive	-	-	-
-	-	-	Premium - Housing and Homelessness Incentive	-	-	-
201,227	-	201,227	Total Title XIX - Medicaid - LTC Members	201,227	-	201,227

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
4,153,283	4,175,030	21,747	Primary Care Physician Services	4,153,283	4,175,030	21,747
14,090,583	13,838,172	(252,411)	Referral Specialty Services	14,090,583	13,838,172	(252,411)
2,048,906	2,397,578	348,672	Urgent Care & After Hours Advise	2,048,906	2,397,578	348,672
9,300	9,300	-	Hospital Admitting Team	9,300	9,300	-
20,302,072	20,420,080	118,008	TOTAL PHYSICIAN SERVICES	20,302,072	20,420,080	118,008
			OTHER PROFESSIONAL SERVICES			
332,837	335,069	2,232	Vision Service Capitation	332,837	335,069	2,232
2,029,340	2,804,617	775,277	Medical Departments - UM Allocation *	2,029,340	2,804,617	775,277
1,234,423	1,363,474	129,051	Behavior Health Treatment	1,234,423	1,363,474	129,051
378,598	411,436	32,838	Mental Health Services	378,598	411,436	32,838
1,518,707	1,804,534	285,827	Other Professional Services	1,518,707	1,804,534	285,827
5,493,905	6,719,129	1,225,224	TOTAL OTHER PROFESSIONAL SERVICES	5,493,905	6,719,129	1,225,224
5,195,994	5,462,936	266,942	EMERGENCY ROOM	5,195,994	5,462,936	266,942
22,641,712	22,541,723	(99,989)	INPATIENT HOSPITAL	22,641,712	22,541,723	(99,989)
90,859	72,088	(18,771)	REINSURANCE EXPENSE PREMIUM	90,859	72,088	(18,771)
9,616,781	9,792,000	175,219	OUTPATIENT HOSPITAL SERVICES	9,616,781	9,792,000	175,219
			OTHER MEDICAL			
1,792,123	1,559,348	(232,775)	Ambulance and NEMT	1,792,123	1,559,348	(232,775)
970,272	956,791	(13,481)	Home Health Services & CBAS	970,272	956,791	(13,481)
776,558	1,592,010	815,452	Utilization and Quality Review Expenses	776,558	1,592,010	815,452
2,732,047	2,217,606	(514,441)	Long Term/SNF/Hospice	2,732,047	2,217,606	(514,441)
5,430,893	5,972,440	541,547	Provider Enhancement Expense - Prop. 56	5,430,893	5,972,440	541,547
496,477	495,159	(1,318)	Provider Enhancement Expense - GEMT	496,477	495,159	(1,318)
1,428,973	1,835,994	407,021	Enhanced Care Management	1,428,973	1,835,994	407,021
751,183	503,521	(247,662)	Major Organ Transplant	751,183	503,521	(247,662)
30,326	2,316,082	2,285,756	Cal AIM Incentive Programs	30,326	2,316,082	2,285,756
1,119,968	1,013,555	(106,413)	DME/Rebates	1,119,968	1,013,555	(106,413)
15,528,820	18,462,505	2,933,685	TOTAL OTHER MEDICAL	15,528,820	18,462,505	2,933,685
498,590	491,512	(7,078)	PAY FOR PERFORMANCE QUALITY INCENTIVE	498,590	491,512	(7,078)
21,209,673	18,730,665	(2,479,008)	HOSPITAL DIRECTED PAYMENTS	21,209,673	18,730,665	(2,479,008)
(684,297)	-	684,297	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(684,297)	-	684,297
(128,832)	-	128,832	NON-CLAIMS EXPENSE ADJUSTMENT	(128,832)	-	128,832
9,076	-	(9,076)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	9,076	-	(9,076)
99,774,353	102,692,638	2,918,285	Total Medical Costs	99,774,353	102,692,638	2,918,285

* Medical costs per DMHC regulations

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS - ALL COA - PMPM FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
			PHYSICIAN SERVICES			
12.49	12.76	0.27	Primary Care Physician Services	12.49	12.76	0.27
42.39	42.29	(0.10)	Referral Specialty Services	42.39	42.29	(0.10)
6.16	7.33	1.16	Urgent Care & After Hours Advise	6.16	7.33	1.16
0.03	0.03	0.00	Hospital Admitting Team	0.03	0.03	0.00
61.07	62.41	1.33	TOTAL PHYSICIAN SERVICES	61.07	62.41	1.33
			OTHER PROFESSIONAL SERVICES			
1.00	1.02	0.02	Vision Service Capitation	1.00	1.02	0.02
6.10	8.57	2.47	Medical Departments - UM Allocation *	6.10	8.57	2.47
3.71	4.17	0.45	Behavior Health Treatment	3.71	4.17	0.45
1.14	1.26	0.12	Mental Health Services	1.14	1.26	0.12
4.57	5.52	0.95	Other Professional Services	4.57	5.52	0.95
16.53	20.54	4.01	TOTAL OTHER PROFESSIONAL SERVICES	16.53	20.54	4.01
15.63	16.70	1.06	EMERGENCY ROOM	15.63	16.70	1.06
68.11	68.89	0.78	INPATIENT HOSPITAL	68.11	68.89	0.78
0.27	0.22	(0.05)	REINSURANCE EXPENSE PREMIUM	0.27	0.22	(0.05)
28.93	29.93	1.00	OUTPATIENT HOSPITAL SERVICES	28.93	29.93	1.00
			OTHER MEDICAL			
5.39	4.77	(0.63)	Ambulance and NEMT	5.39	4.77	(0.63)
2.92	2.92	0.01	Home Health Services & CBAS	2.92	2.92	0.01
2.34	4.87	2.53	Utilization and Quality Review Expenses	2.34	4.87	2.53
8.22	6.78	(1.44)	Long Term/SNF/Hospice	8.22	6.78	(1.44)
16.34	18.25	1.92	Provider Enhancement Expense - Prop. 56	16.34	18.25	1.92
1.49	1.51	0.02	Provider Enhancement Expense - GEMT	1.49	1.51	0.02
4.30	5.61	1.31	Enhanced Care Management	4.30	5.61	1.31
2.26	1.54	(0.72)	Major Organ Transplant	2.26	1.54	(0.72)
0.09	7.08	6.99	Cal AIM Incentive Programs	0.09	7.08	6.99
3.37	3.10	(0.27)	DME	3.37	3.10	(0.27)
46.72	56.43	9.71	TOTAL OTHER MEDICAL	46.72	56.43	9.71
1.50	1.50	0.00	PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50	0.00
63.80	57.25	(6.56)	HOSPITAL DIRECTED PAYMENTS	63.80	57.25	(6.56)
(2.06)	0.00	2.06	HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(2.06)	0.00	2.06
(0.39)	0.00	0.39	NON-CLAIMS EXPENSE ADJUSTMENT	(0.39)	0.00	0.39
0.03	0.00	(0.03)	IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.03	0.00	(0.03)
300.15	313.85	13.70	Total Medical Costs	300.15	313.85	13.70

* Medical costs per DMHC regulations

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH THROUGH JANUARY 31, 2023	JANUARY 2023	YEAR TO DATE 2023
PHYSICIAN SERVICES		
Primary Care Physician Services	4,153,283	4,153,283
Referral Specialty Services	14,090,583	14,090,583
Urgent Care & After Hours Advise	2,048,906	2,048,906
Hospital Admitting Team	9,300	9,300
TOTAL PHYSICIAN SERVICES	20,302,072	20,302,072
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	332,837	332,837
Medical Departments - UM Allocation *	2,029,340	2,029,340
Behavior Health Treatment	1,234,423	1,234,423
Mental Health Services	378,598	378,598
Other Professional Services	1,518,707	1,518,707
TOTAL OTHER PROFESSIONAL SERVICES	5,493,905	5,493,905
EMERGENCY ROOM	5,195,994	5,195,994
INPATIENT HOSPITAL	22,641,712	22,641,712
REINSURANCE EXPENSE PREMIUM	90,859	90,859
OUTPATIENT HOSPITAL SERVICES	9,616,781	9,616,781
OTHER MEDICAL		
Ambulance and NEMT	1,792,123	1,792,123
Home Health Services & CBAS	970,272	970,272
Utilization and Quality Review Expenses	776,558	776,558
Long Term/SNF/Hospice	2,732,047	2,732,047
Provider Enhancement Expense - Prop. 56	5,430,893	5,430,893
Provider Enhancement Expense - GEMT	496,477	496,477
Enhanced Care Management	1,428,973	1,428,973
Major Organ Transplant	751,183	751,183
Cal AIM Incentive Programs	30,326	30,326
DME	1,119,968	1,119,968
TOTAL OTHER MEDICAL	15,528,820	15,528,820
PAY FOR PERFORMANCE QUALITY INCENTIVE	498,590	498,590
HOSPITAL DIRECTED PAYMENTS	21,209,673	21,209,673
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(684,297)	(684,297)
NON-CLAIMS EXPENSE ADJUSTMENT	(128,832)	(128,832)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	9,076	9,076
Total Medical Costs	99,774,353	99,774,353

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF MEDICAL COSTS BY MONTH - PMPM THROUGH JANUARY 31, 2023	JANUARY 2023	YEAR TO DATE 2023
PHYSICIAN SERVICES		
Primary Care Physician Services	12.49	12.49
Referral Specialty Services	42.39	42.39
Urgent Care & After Hours Advise	6.16	6.16
Hospital Admitting Team	0.03	0.03
TOTAL PHYSICIAN SERVICES	61.07	61.07
OTHER PROFESSIONAL SERVICES		
Vision Service Capitation	1.00	1.00
Medical Departments - UM Allocation *	6.10	6.10
Behavior Health Treatment	3.71	3.71
Mental Health Services	1.14	1.14
Other Professional Services	4.57	4.57
TOTAL OTHER PROFESSIONAL SERVICES	16.53	16.53
EMERGENCY ROOM	15.63	15.63
INPATIENT HOSPITAL	68.11	68.11
REINSURANCE EXPENSE PREMIUM	0.27	0.27
OUTPATIENT HOSPITAL SERVICES	28.93	28.93
OTHER MEDICAL		
Ambulance and NEMT	5.39	5.39
Home Health Services & CBAS	2.92	2.92
Utilization and Quality Review Expenses	2.34	2.34
Long Term/SNF/Hospice	8.22	8.22
Provider Enhancement Expense - Prop. 56	16.34	16.34
Provider Enhancement Expense - GEMT	1.49	1.49
Enhanced Care Management	4.30	4.30
Major Organ Transplant	2.26	2.26
Cal AIM Incentive Programs	0.09	0.09
DME	3.37	3.37
TOTAL OTHER MEDICAL	46.72	46.72
PAY FOR PERFORMANCE QUALITY INCENTIVE	1.50	1.50
HOSPITAL DIRECTED PAYMENTS	63.80	63.80
HOSPITAL DIRECTED PAYMENT ADJUSTMENT	(2.06)	(2.06)
NON-CLAIMS EXPENSE ADJUSTMENT	(0.39)	(0.39)
IBNR, INCENTIVE, AND PAID CLAIMS ADJUSTMENT	0.03	0.03
Total Medical Costs	300.15	300.15

CURRENT MONTH			KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMINISTRATIVE EXPENSES BY DEPT FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
687,266	503,783	(183,483)	110 - Executive	687,266	503,783	(183,483)
228,231	269,724	41,493	210 - Accounting	228,231	269,724	41,493
365,046	388,289	23,243	220 - Management Information Systems	365,046	388,289	23,243
63,805	26,641	(37,164)	221 - Business Intelligence	63,805	26,641	(37,164)
353,608	421,256	67,648	222 - Enterprise Development	353,608	421,256	67,648
104,241	201,164	96,923	223 - Enterprise Configuration	104,241	201,164	96,923
412,631	675,879	263,248	225 - Infrastructure	412,631	675,879	263,248
620,932	690,413	69,481	230 - Claims	620,932	690,413	69,481
140,118	272,020	131,902	240 - Project Management	140,118	272,020	131,902
194,388	145,307	(49,081)	310 - Health Services - Utilization Management	194,388	145,307	(49,081)
89	51,625	51,536	311 - Health Services - Quality Improvement	89	51,625	51,536
88	143	55	312 - Health Services - Education	88	143	55
39,747	70,663	30,916	313- Pharmacy	39,747	70,663	30,916
475	3,292	2,817	314 - Enhanced Care Management	475	3,292	2,817
62,921	78,415	15,494	316 -Population Health Management	62,921	78,415	15,494
165	1,218	1,053	317 - Community Based Services	165	1,218	1,053
-	31,941	31,941	318 - Housing & Homeless Incentive Program	-	31,941	31,941
-	134,370	134,370	319 - CAL AIM Incentive Payment Program (IPP)	-	134,370	134,370
-	947	947	601 - Behavioral Health	-	947	947
-	4,315	4,315	602 - Quality & Health Equity	-	4,315	4,315
317,123	345,411	28,288	320 - Provider Network Management	317,123	345,411	28,288
802,035	1,205,474	403,439	330 - Member Services	802,035	1,205,474	403,439
892,136	871,256	(20,880)	340 - Corporate Services	892,136	871,256	(20,880)
138,360	145,475	7,115	360 - Audit & Investigative Services	138,360	145,475	7,115
68,972	56,416	(12,556)	410 - Member Engagement	68,972	56,416	(12,556)
60,714	210,572	149,858	420 - Sales/Marketing/Public Relations	60,714	210,572	149,858
362,364	361,965	(399)	510 - Human Resources	362,364	361,965	(399)
109,675	(141,667)	(251,342)	Administrative Expense Adjustment	109,675	(141,667)	(251,342)
6,025,131	7,026,307	1,001,176	Total Administrative Expenses	6,025,131	7,026,307	1,001,176

KERN HEALTH SYSTEMS MEDI-CAL SCHEDULE OF ADMIN EXPENSES BY DEPT BY MONTH FOR THE MONTH ENDED JANUARY 31, 2023	JANUARY 2023	YEAR TO DATE 2023
110 - Executive	687,266	687,266
210 - Accounting	228,231	228,231
220 - Management Information Systems (MIS)	365,046	365,046
221 - Business Intelligence	63,805	63,805
222 - Enterprise Development	353,608	353,608
223 - Enterprise Configuration	104,241	104,241
225 - Infrastructure	412,631	412,631
230 - Claims	620,932	620,932
240 - Project Management	140,118	140,118
310 - Health Services - Utilization Management	194,388	194,388
311 - Health Services - Quality Improvement	89	89
312 - Health Services - Education	88	88
313- Pharmacy	39,747	39,747
314 - Enhanced Care Management	475	475
316 -Population Health Management	62,921	62,921
317 - Community Based Services	165	165
318 - Housing & Homeless Incentive Program	-	-
319 - CAL AIM Incentive Payment Program (IPP)	-	-
601 - Behavioral Health	-	-
602 - Quality & Health Equity	-	-
320 - Provider Network Management	317,123	317,123
330 - Member Services	802,035	802,035
340 - Corporate Services	892,136	892,136
360 - Audit & Investigative Services	138,360	138,360
410 - Member Engagement	68,972	68,972
420 - Sales/Marketing/Public Relations	60,714	60,714
510 - Human Resources	362,364	362,364
Total Department Expenses	5,915,456	5,915,456
ADMINISTRATIVE EXPENSE ADJUSTMENT	109,675	109,675
Total Administrative Expenses	6,025,131	6,025,131

KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM BALANCE SHEET STATEMENT AS OF JANUARY 31, 2023

ASSETS	JANUARY 2023	DECEMBER 2022	INC(DEC)
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,130,625	\$ 1,124,665	5,960
Interest Receivable	2,000	5,960	(3,960)
TOTAL CURRENT ASSETS	\$ 1,132,625	\$ 1,130,625	\$ 2,000

LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Other Liabilities	-	-	-
TOTAL CURRENT LIABILITIES	\$ -	\$ -	\$ -

NET POSITION:			
Net Position- Beg. of Year	1,130,625	1,136,102	(5,477)
Increase (Decrease) in Net Position - Current Year	2,000	(5,477)	7,477
Total Net Position	\$ 1,132,625	\$ 1,130,625	\$ 2,000
TOTAL LIABILITIES AND NET POSITION	\$ 1,132,625	\$ 1,130,625	\$ 2,000

CURRENT MONTH			KERN HEALTH SYSTEMS GROUP HEALTH PLAN - HFAM STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION FOR THE MONTH ENDED JANUARY 31, 2023	YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE		ACTUAL	BUDGET	VARIANCE
ENROLLMENT						
-	-	-	Members	-	-	-
REVENUES						
-	-	-	Premium	-	-	-
2,000	-	2,000	Interest	2,000	-	2,000
	-	-	Other Investment Income	-	-	-
2,000	-	2,000	TOTAL REVENUES	2,000	-	2,000
EXPENSES						
			Medical Costs			
-	-	-	IBNR and Paid Claims Adjustment	-	-	-
-	-	-	Total Medical Costs	-	-	-
2,000	-	2,000	GROSS MARGIN	2,000	-	2,000
Administrative						
-	-	-	Management Fee Expense and Other Admin Exp	-	-	-
-	-	-	Total Administrative Expenses	-	-	-
-	-	-	TOTAL EXPENSES	-	-	-
2,000	-	2,000	OPERATING INCOME (LOSS)	2,000	-	2,000
-	-	-	TOTAL NONOPERATING REVENUE (EXPENSES)	-	-	-
2,000	-	2,000	NET INCREASE (DECREASE) IN NET POSITION	2,000	-	2,000
0%	0%	0%	MEDICAL LOSS RATIO	0%	0%	0%
0%	0%	0%	ADMINISTRATIVE EXPENSE RATIO	0%	0%	0%

KERN HEALTH SYSTEMS MONTHLY MEMBERS COUNT		
KERN HEALTH SYSTEMS		
MEDI-CAL	2023 MEMBER MONTHS	JAN'23
ADULT AND FAMILY		
ADULT	58,409	58,409
CHILD	149,881	149,881
SUB-TOTAL ADULT & FAMILY	208,290	208,290
OTHER MEMBERS		
PARTIAL DUALS - FAMILY	851	851
PARTIAL DUALS - CHILD	0	0
PARTIAL DUALS - BCCTP	6	6
FULL DUALS (SPD)		
SPD FULL DUALS	9,649	9,649
SUBTOTAL OTHER MEMBERS	10,506	10,506
TOTAL FAMILY & OTHER	218,796	218,796
SPD		
SPD (AGED AND DISABLED)	17,442	17,442
MEDI-CAL EXPANSION		
ACA Expansion Adult-Citizen	94,512	94,512
ACA Expansion Duals	1,637	1,637
SUB-TOTAL MED-CAL EXPANSION	96,149	96,149
LONG TERM CARE (LTC)		
LTC	27	27
LTC DUALS	0	0
TOTAL LTC	27	27
TOTAL KAISER	14,759	14,759
TOTAL MEDI-CAL MEMBERS	347,173	347,173

KERN HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T1408	DELL MARKETING L.P.	723,103.94	2,081,848.00	AZURE OVERAGES, MICROSOFT TRUE UP & ANNUAL MICROSOFT LICENSES ASSURANCE	MIS INFRASTRUCTURE
T1045	KAISER FOUNDATION HEALTH - HMO	541,149.98	6,197,314.21	DEC. 2022 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T1845	DEPARTMENT OF MANAGED HEALTH CARE ****	444,762.06	927,541.26	2022-2023 MCAL ANNUAL ASSESSMENT -1ST INSTALLMENT PAYMENT	ADMINISTRATION
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	270,000.00	637,303.70	PREFUND HEALTH EDUCATION MEMBER INCENTIVES	UTILIZATION MANAGEMENT-QI
T5503	SECURE-CENTRIC INC ****	191,889.68	219,589.28	RUBRIK CLOUD DATA MANAGEMENT SOFTWARE SUPPORT	MIS INFRASTRUCTURE
T4350	COMPUTER ENTERPRISE	190,878.30	3,990,188.90	NOV. 2022 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T4982	NGC US, LLC	159,000.00	3,000,007.92	PREFUND MEMBER INCENTIVES - COVID 19 INCENTIVE PROGRAM	VARIOUS
T5479	TRANSFORMING LOCAL COMMUNITIES, INC	112,014.77	339,607.23	OCT. & NOV. 2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4237	FLUIDEDGE CONSULTING, INC.	88,760.00	680,442.10	NOV. 2022 CONSULTING SERVICES	VARIOUS
T4733	UNITED STAFFING ASSOCIATES	82,832.81	711,173.73	NOV. & DEC. 2022 TEMP HELP - (11) MS	VARIOUS
T1180	LANGUAGE LINE	78,618.22	802,144.12	NOV. 2022 INTERPRETATION SERVICES	MEMBER SERVICES
T2918	STINSON'S ****	59,486.53	168,857.51	AUG., OCT. & NOV 2022 OFFICE SUPPLIES	VARIOUS

KERN HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T2562	CACTUS SOFTWARE LLC ****	53,069.77	53,069.77	CREDENTIALING SOFTWARE RENEWAL	MIS INFRASTRUCTURE
T1272	COFFEY COMMUNICATIONS INC. ****	51,157.43	134,113.16	WINTER EDITION MEMBER NEWSLETTER	HEALTH EDUCATION
T5337	CAZADOR CONSULTING GROUP INC	50,004.33	441,044.78	NOV. 2022 TEMPORARY HELP - (2) IT: (10) MS (1): UM	VARIOUS
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	45,513.84	1,367,465.81	OCT. & NOV. 2022 PROFESSIONAL SERVICES & NOV. 2022 EDI CLAIM PROCESSING	VARIOUS
T5562	JDM SOLUTIONS INC.	44,700.00	84,600.00	NOV. 2022 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	42,265.53	485,923.03	DEC. 2022 EMPLOYEE HEALTH BENEFITS	VARIOUS
T5396	NYMI INC ****	41,125.00	92,645.00	SOFTWARE LICENSE RENEWAL	MIS INFRASTRUCTURE
T5421	PREMIER ACCESS INSURANCE COMPANY	40,251.41	464,589.76	DEC. 2022 EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T2584	UNITED STATES POSTAL SVC. - HASLER	40,000.00	360,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
WT/ACH	USPS	40,000.00	150,000.00	FUND KHS POSTAL ONE/EPS ACCOUNT	CORPORATE SERVICES
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	35,887.50	518,130.00	NOV. 2022 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM

KERN·HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5546	BITWISE TECHNOLOGY CONSULTING, LLC	31,736.14	145,403.77	NOV. 2022 OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS
T2167	PG&E	31,261.88	391,657.38	NOV. 2022 USAGE / UTILITIES	CORPORATE SERVICES
T4460	PAYSPAN, INC ****	29,784.58	243,610.25	NOV. 2022 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T5574	CARMAX AUTO SUPERSTORES, INC ****	29,764.35	61,716.70	2022 EQUINOX COMPANY VEHICLE	CORPORATE SERVICES
T4708	HEALTH MANAGEMENT ASSOCIATES, INC ****	29,581.68	115,227.93	SEPT., OCT., & NOV. 2022 PROFESSIONAL SERVICES	ADMINISTRATION
T5568	MICHELLE OXFORD ****	28,000.00	51,100.00	NOV. 2022 CONSULTING SERVICES	ADMINISTRATION
T2458	HEALTHCARE FINANCIAL, INC	27,500.00	326,788.44	OCT. 2022 PROFESSIONAL SERVICES	ADMINISTRATION
T5447	PROSPHIRE, LLC ****	27,360.00	254,980.00	OCT. 2022 PROFESSIONAL SERVICES	CAPITAL PROJECT
T3011	OFFICE ALLY, INC	26,540.62	257,577.36	NOV. 2022 EDI CLAIM PROCESSING	CLAIMS
T5509	NGUYEN CAO LUU-TRONG	25,050.00	170,550.00	NOV. 2022 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM

KERN·HEALTH SYSTEMS

December AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Year-to-Date	Description	Department
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC.	24,873.00	115,191.00	NUTANIX HARDWARE & SOFTWARE - SECURITY PROGRAM ASSESSMENT	MIS INFRASTRUCTURE
T1861	CERIDIAN HCM, INC.	23,580.49	270,069.60	NOV. & DEC. 2022 MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T4452	WELLS FARGO	23,377.50	284,867.54	DEC - ACH MISC CREDIT CARD PURCHASES	VARIOUS
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	20,914.57	316,735.53	NOV. 2022 EDI CLAIM PROCESSING	CLAIMS
		<u>3,805,795.91</u>			
	TOTAL VENDORS OVER \$20,000	3,805,795.91			
	TOTAL VENDORS UNDER \$20,000	402,287.90			
	TOTAL VENDOR EXPENSES- DECEMBER	<u>\$ 4,208,083.81</u>			

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

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T1045	KAISER FOUNDATION HEALTH - HMO	6,197,314.21	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4350	COMPUTER ENTERPRISE INC.	3,990,188.90	PROFESSIONAL SERVICES / CONSULTING SERVICES	VARIOUS
T4391	OMNI FAMILY HEALTH	3,009,560.61	HEALTH HOMES GRANT	COMMUNITY GRANTS
T4982	NGC US, LLC	3,000,007.92	PREFUND MEMBER INCENTIVES - COVID 19 INCENTIVE PROGRAM	VARIOUS
T1071	CLINICA SIERRA VISTA	2,760,963.65	2022 HEALTH HOMES GRANT & PROVIDER CARE QUALITY GRANT PROGRAM	COMMUNITY GRANTS
T1408	DELL MARKETING L.P.	2,081,848.00	HARDWARE & COMPUTER EQUIPMENT & LICENSE FEES	MIS INFRASTRUCTURE
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC.	1,367,465.81	PROFESSIONAL SERVICES & ANNUAL LICENSING	VARIOUS
T2704	MCG HEALTH LLC	1,214,288.28	HEALTH CARE MANAGEMENT & SOFTWARE LICENSE 8/5/2022 -08/04/2023	UTILIZATION MANAGEMENT
T2686	ALLIANT INSURANCE SERVICES INC.	1,122,033.92	2022 -2023 INSURANCE PREMIUMS	ADMINISTRATION
T1845	DEPARTMENT OF MANAGED HEALTH CARE	927,541.26	2022-2023 MCAL ANNUAL ASSESSMENT	ADMINISTRATION
T5111	ENTISYS 360	850,833.77	ACROPOLIS ANNUAL LICENSE 2022	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
T1180	LANGUAGE LINE SERVICES INC.	802,144.12	INTERPRETATION SERVICES	MEMBER SERVICES
T4733	UNITED STAFFING ASSOCIATES	711,173.73	TEMPORARY HELP	VARIOUS
T4237	FLUIDEDGE CONSULTING, INC.	680,442.10	CONSULTING SERVICES/UPDATE TO STANDARD BUSINESS REPORTING-CALAIM EXPANSION	VARIOUS
T4483	INFUSION AND CLINICAL SERVICES, INC	671,067.96	HEALTH HOMES GRANT	COMMUNITY GRANT
T5452	BLACKHAWK ENGAGEMENT SOLUTIONS, INC	637,303.70	PREFUND HEALTH EDUCATION MEMBER INCENTIVES	UTILIZATION MANAGEMENT-QI
T3130	OPTUMINSIGHT, INC	581,767.00	ANNUAL LICENSED SOFTWARE EASYGROUP & INCREMENTAL LICENSE	MIS INFRASTRUCTURE
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	518,130.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T2488	THE LINCOLN NATIONAL LIFE INSURANCE	485,923.03	VOLUNTARY LIFE, AD&D INSURANCE PREMIUM	VARIOUS
T5421	PREMIER ACCESS INSURANCE COMPANY	464,589.76	EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T5337	CAZADOR CONSULTING GROUP INC	441,044.78	TEMPORARY HELP	VARIOUS
T4737	TEKSYSTEMS, INC.	438,587.35	PROFESSIONAL SERVICES	IT BUSINESS INTELLIGENCE

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	427,702.50	PROFESSIONAL SERVICES	IT BUSINESS INTELLIGENCE
T4699	ZEOMEGA, INC.	403,202.65	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT
T2167	PG&E	391,657.38	USAGE / UTILITIES	CORPORATE SERVICES
T4165	SHI INTERNATIONAL CO.	372,709.91	NETWORK SWITCHES WITH SUPPORT	MIS INFRASTRUCTURE
T2584	UNITED STATES POSTAL SVC. - HASLER	360,000.00	POSTAGE (METER) FUND	CORPORATE SERVICES
T5466	ZIPARI, INC	343,008.00	2022 JIVA MEMBER PORTAL	MIS INFRASTRUCTURE
T5479	TRANSFORMING LOCAL COMMUNITIES, INC	339,607.23	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T2458	HEALTHCARE FINANCIAL, INC	326,788.44	PROFESSIONAL SERVICES	ADMINISTRATION
T4538	CHANGE HEALTHCARE SOLUTIONS, LLC	316,735.53	EDI CLAIM PROCESSING (EMDEON)	CLAIMS
T4193	STRIA LLC	285,379.86	OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS
T4657	DAPONDE SIMPSON ROWE PC	285,280.22	LEGAL FEES	VARIOUS

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4452	WELLS FARGO	284,867.54	ACH- MISC CREDIT CARD PURCHASES	VARIOUS
T3449	CDW GOVERNMENT	280,310.84	HEADSETS, CABLES & ADOBE LICENSES	MIS INFRASTRUCTURE
T1861	CERIDIAN HCM, INC.	270,069.60	MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T3011	OFFICE ALLY, INC	257,577.36	EDI CLAIM PROCESSING	CLAIMS
T5447	PROSPHIRE, LLC	254,980.00	CONSULTING - CLINICAL ADMINISTRATOR STAFF AUGMENTATION	UTILIZATION MANAGEMENT
T4460	PAYSPAN, INC	243,610.25	ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T2726	DST PHARMACY SOLUTIONS, INC.	237,601.79	PHARMACY CLAIMS	PHARMACY
T5005	CRAYON SOFTWARE EXPERTS LLC	233,512.45	ANNUAL SOFTWARE LICENSE AND ESD AZURE OVERAGE	MIS INFRASTRUCTURE
T5155	A-C ELECTRIC COMPANY	229,186.50	CARPPOOL SOLAR PROJECT DEPOSIT	CAPITAL
T4695	EDIFECS, INC.	227,371.33	ANNUAL TSM MAINTENANCE	MIS INFRASTRUCTURE
T5503	SECURE-CENTRIC INC	219,589.28	POLARIS LICENSE, SUPPORT & CLOUD VAULT BACKUP SUPPORT	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
T5319	CITIUSTECH INC.	219,162.00	FAST+ ANNUAL MAINTENANCE & SUPPORT	MIS INFRASTRUCTURE
T4353	TWE SOLUTIONS, INC	219,139.32	INTERNAL AUDIT SOFTWARE	MIS INFRASTRUCTURE
T5145	CCS ENGINEERING FRESNO INC.	201,296.41	JANITORIAL & ADDITIONAL DAY PORTER	CORPORATE SERVICES
T5435	TEGRIA SERVICES GROUP - US, INC.	170,750.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5509	NGUYEN CAO LUU-TRONG	170,550.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T2918	STINSONS	168,857.51	2022 OFFICE SUPPLIES	VARIOUS
T2469	DST HEALTH SOLUTIONS, LLC.	156,427.30	ANNUAL ACG LICENSE & SUPPORT	BUSINESS INTELLEGENCE
T5333	CENTRAL CALIFORNIA ASTHMA COLLABORATIVE	154,812.20	PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5322	MANINDER KHALSA	154,030.50	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4707	SHAFTER PEDIATRICS	150,000.00	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
WT/ACH	USPS	150,000.00	FUND KHS POSTAL ONE/EPS ACCOUNT	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
T5546	BITWISE TECHNOLOGY CONSULTING, LLC	145,403.77	OCR SERVICES AND PROFESSIONAL SERVICES	VARIOUS
T1005	COLONIAL LIFE & ACCIDENT	141,846.21	LIFE INSURANCE PREMIUM	VARIOUS
T1960	LOCAL HEALTH PLANS OF CALIFORNIA	138,936.44	2022 ANNUAL DUE ASSESSMENT	VARIOUS
T1183	MILLIMAN USA	136,171.75	CY2020/2021 TNE & IBNP CONSULTING - ACTUARIAL	ADMINISTRATION
T1272	COFFEY COMMUNICATIONS INC.	134,113.16	MEMBER NEWSLETTER/WEBSITE IMPLEMENTATION	HEALTH EDUCATION/MEDIA & ADVERTISING
T1128	HALL LETTER SHOP	133,601.77	MEMBER ID CARDS, MEMBER SURVEY & MAIL PREP, NEW MEMBER PACKETS	VARIOUS
T5292	ALL'S WELL HEALTH CARE SERVICES	128,292.54	TEMPORARY HELP	VARIOUS
T4582	HEALTHX, INC.	124,728.00	MAINTENANCE AND SUPPORT FEES - PROVIDER AND MEMBER PORTAL	MIS INFRASTRUCTURE
T5275	CREATIVE FINANCIAL STAFFING, LLC.	123,966.32	RECRUITMENT FEES	HUMAN RESOURCES
T4708	HEALTH MANAGEMENT ASSOCIATES, INC.	115,227.93	CONSULTING SERVICES	ADMINISTRATION
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC.	115,191.00	NUTANIX HARDWARE & SOFTWARE - SECURITY PROGRAM ASSESSMENT	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
T4059	KERN VALLEY HEALTHCARE DISTRICT	113,434.63	2022 PROVIDER QUALITY CARE GRANT	COMMUNITY GRANTS
T5486	ALLIED GENERAL CONTRACTORS, INC	111,425.76	BUILDING IMPROVEMENTS	CORPORATE SERVICES
T5360	SYNERGY PHARMACY SOLUTIONS INC.	108,900.00	2021 KOMOTO ASTHMA PROGRAM	POPULATION HEALTH MANAGEMENT
T5300	CENTRAL VALLEY OCCUPATION MEDICAL GROUP, INC	105,960.00	COVID-19 TESTING	HUMAN RESOURCES
T2961	SOLUTION BENCH, LLC	104,061.95	2022/2023 ANNUAL M-FILES & SCANFINITY LICENSES SUPPORT	MIS INFRASTRUCTURE
T4038	POLYCLINIC MEDICAL CENTER, INC	102,089.73	PROVIDER GRANT PROGRAM 2021-2022	COMMUNITY GRANT
T3001	MERCER	101,000.00	PROFESSIONAL SERVICES	HUMAN RESOURCES
T4484	JACOBSON SOLUTIONS	99,313.81	TEMPORARY HELP	UTILIZATION MANAGEMENT-UM
T4503	VISION SERVICE PLAN	99,135.99	EMPLOYEE HEALTH BENEFITS	VARIOUS
T2933	SIERRA PRINTERS, INC	98,754.35	PRINTING OF MEMBER EDUCATION MATERIAL/PROVIDER DIRECTORY/BUSINESS CARDS	VARIOUS
T1022	UNUM LIFE INSURANCE CO.	97,208.26	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
T5121	TPX COMMUNICATIONS	95,716.80	LOCAL CALL SERVICES; LONG DISTANCE CALLS; INTERNET SERVICES; 800 LINES	MIS INFRASTRUCTURE
T4688	VANGUARD MEDICAL CORPORATION	95,000.00	2021-2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T1001	KERN MEDICAL CENTER	93,375.00	(21) POP UP COVID 19 CLINICS	PROVIDER NETWORK MANAGEMENT
T5396	NYMI INC	92,645.00	WEARABLES/ SOFTWARE/MAINTENANCE FOR TRACING DEVICES	CORPORATE SERVICES
T4686	CENTRIC HEALTH	86,939.92	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T4501	ALLIED UNIVERSAL SECURITY SERVICES	86,750.68	ONSITE SECURITY	CORPORATE SERVICES
T5562	JDM SOLUTIONS INC.	84,600.00	2022 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T4792	KP LLC	83,712.56	PROVIDER DIRECTORIES & FORMULARY (SUPPORT/MAINT.)	PHARMACY/PROVIDER RELATIONS
T5529	FINDHELP	83,000.00	COMMUNITY SUPPORT REFERRAL SYSTEM IMPLEMENTATION	CAPITAL PROJECT
T4963	LINKEDIN CORPORATION	81,729.00	ANNUAL ONLINE TRAINING FOR ALL EMPLOYEES	HUMAN RESOURCES
T5329	RELAY NETWORK, LLC	80,000.04	TEXT MESSAGING SUBSCRIPTION	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
T2413	TREK IMAGING INC	77,410.32	COMMUNITY AND MARKETING EVENTS, MEMBER & HEALTH ED INCENTIVES, EMPLOYEE EVENTS, NEW HIRE SHIRTS	VARIOUS
T4217	CONTEXT 4 HEALTHCARE, INC	75,142.83	AMA ROYALTY FEE & CPT RENEWAL	MIS INFRASTRUCTURE
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	73,600.00	2022 ANNUAL DUES ASSESSMENT	ADMINISTRATION
T4902	CHANGE HEALTHCARE TECHNOLOGIES, LLC	70,414.30	EDI CLAIM PROCESSING	CLAIMS
T4052	RAHUL SHARMA	70,000.00	PROVIDER GRANT PROGRAM 2021-2022	COMMUNITY GRANT
T4585	DELANO UNION SCHOOL DISTRICT	70,000.00	COVID-19 VACCINE CAMPAIGN GRANT	HEALTH EDUCATION
T5185	HOUSING AUTHORITY COUNTY OF KERN	67,600.00	2021 HOUSING AUTHORITY GRANT	POPULATION HEALTH MANAGEMENT
T2509	USPS	67,555.35	FUND MAILING PERMIT #88	CORPORATE SERVICES
T5109	RAND EMPLOYMENT SOLUTIONS	64,164.97	TEMPORARY HELP	VARIOUS
T3986	JACQUELYN S. JANS	62,992.25	CONSULTING FOR KHS PUBLIC IMAGE CAMPAIGN	ADMINISTRATION/ MARKETING
T5574	CARMAX AUTO SUPERSTORES, INC	61,716.70	COMPANY VEHICLES (2)	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
T5377	TELEHEALTHDOCS MEDICAL GROUP	59,047.43	PROVIDER GRANT PROGRAM 2021-2022	COMMUNITY GRANT
T5376	KCHCC	58,200.00	COVID-19 VACCINE CAMPAIGN GRANT	HEALTH EDUCATION
T5313	HEALTH LITERACY INNOVATIONS, LLC	57,630.00	LITERACY ADVISOR ANNUAL SOFTWARE LICENSE	MIS INFRASTRUCTURE
T2969	AMERICAN BUSINESS MACHINES INC	57,332.29	HARDWARE AND MAINTENANCE	CORPORATE SERVICES
T4785	COMMGAP	56,863.75	INTERPRETATION SERVICES	HEALTH EDUCATION
T5132	TIME WARNER CABLE LLC	55,025.27	INTERNET SERVICES	MIS INFRASTRUCTURE
T1195	KOMOTO PHARMACY, INC	54,500.00	COVID-19 POP UP CLINIC	PROVIDER NETWORK MANAGEMENT
T4182	THE LAMAR COMPANIES	53,679.00	OUTDOOR ADVERTISEMENT - BILLBOARDS	ADVERTISING
T2446	AT&T MOBILITY	53,348.70	CELLULAR PHONE/INTERNET USAGE	MIS INFRASTRUCTURE
T2562	CACTUS SOFTWARE LLC ****	53,069.77	CREDENTIALING ENTERPRISE RENEWAL	MIS INFRASTRUCTURE
T5387	NAVIA BENEFITS SOLUTIONS, INC.	52,724.21	FSA EMPLOYEE PREMIUM & SECTION 125 ADMINISTRATION	VARIOUS

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5420	PAYPRO ADMINISTRATORS	52,016.12	FSA EMPLOYEE BENEFIT	VARIOUS
T5568	MICHELLE OXFORD	51,100.00	CONSULTING SERVICES	EXECUTIVE
T5215	RICHARD GARCIA	50,850.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4934	APPLE INC.	50,202.17	EQUIPMENT - CELL PHONES	VARIOUS
T5426	UNIVERSAL HEALTHCARE SERVICES, INC	50,000.00	PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5367	ADVENTIST HEALTH DELANO	49,697.20	PROVIDER GRANT PROGRAM 2021-2022	COMMUNITY GRANT
T4607	AGILITY RECOVERY SOLUTIONS INC.	49,609.70	PROFESSIONAL SERVICES	ADMINISTRATION
T2441	LAURA J. BREZINSKI	52,450.00	MARKETING MATERIALS	MARKETING
T4415	DANIELLS PHILLIPS VAUGHAN AND BOCK	49,500.00	2021 AUDIT FEES	FINANCE
T5487	MR2 SOLUTIONS, INC	49,400.00	2022/2023 VIRTUAL CHIEF INFORMATION SECURITY OFFICER	MIS INFRASTRUCTURE
T4563	SPH ANALYTICS	46,784.40	2021/2022 PROVIDER SATISFACTION SURVEYS	MEMBER SERVICES

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T5018	FIRESTONE GRILL - BAKERSFIELD	46,599.64	EMPLOYEE SERVICE AWARDS 2022	MARKETING
T5408	MARY HARRIS	44,820.00	PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5340	GARTNER INC	42,391.67	ANNUAL LEADERS INDIVIDUAL ACCESS ADVISOR - PROFESSIONAL SERVICES	MIS ADMINISTRATION
T2941	KERN PRINT SERVICES INC.	42,234.09	OTHER PRINTING COSTS, ENVELOPES, LETTERHEAD	VARIOUS
T5455	HC2 STRATEGIES, INC	41,345.00	CALAIM ROUNDTABLE SUPPORT	COMMUNITY SUPPORT SERVICES
T5535	PANAMA-BUENA VISTA UNION SCHOOL DISTRICT	40,000.00	2022-2024 SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T5389	ADAKC	38,953.97	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5107	CITRIX SYSTEMS, INC.	38,250.00	ANNUAL SERVICE RENEWAL	MIS INFRASTRUCTURE
T5286	BROOKLYNNS BOX INC.	37,750.00	PROVIDER GRANT PROGRAM 2021-2022	COMMUNITY GRANT
T5467	MOSS ADAMS LLP	36,997.00	2022 CLAIMS AUDIT TOOL ANNUAL SUPPORT	CLAIMS
T3515	DOUG HAYWARD	36,565.85	CONSULTING SERVICES	ADMINISTRATION
T5398	GOLDEN EMPIRE GLEANERS	36,549.44	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4605	KERNVILLE UNION SCHOOL DISTRICT	36,000.00	2022-2024 SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T4652	BAKERSFIELD SYMPHONY ORCHESTRA	35,953.34	COMMUNITY SPONSORSHIP	ADMINISTRATION
T4502	MORGAN CONSULTING RESOURCES, INC.	35,840.00	RECRUITMENT FEES - DIRECTOR OF POPULATION HEALTH MANAGEMENT	HUMAN RESOURCES
T4331	COTIVITI, INC	34,831.97	CALIFORNIA MEDI-CAL MEDICAID MEASURES	QUALITY IMPROVEMENT
T1152	MICHAEL K. BROWN LANDSCAPE & MAINTENANCE CO. INC.	33,892.86	2022 BUILDING MAINTENANCE	CORPORATE SERVICE
T5520	BG HEALTHCARE CONSULTING, INC	33,825.00	PROFESSIONAL SERVICES	POPULATION HEALTH MANAGEMENT
T3092	LINKS FOR LIFE, INC.	33,100.00	COMMUNITY RESOURCES GRANT PROGRAM	COMMUNITY GRANT
T4514	A.J. KLEIN, INC. T.DENATALE, B. GOLDNER	32,376.82	LEGAL FEES	ADMINISTRATION
T5401	KERN MEDICAL SUPPLY, LLC	32,303.30	2021/2022 PROVIDER GRANT PROGRAM	COMMUNITY GRANTS
T5321	TYK TECHNOLOGIES LTD	32,250.00	TYK LICENSE RENEWAL 22/23	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
T5490	WORKSITE LABS, INC	31,620.00	EMPLOYEE ON-SITE COVID TESTING	HUMAN RESOURCES
T4417	KAISER FOUNDATION HEALTH PLAN - OR	30,197.04	2021-2022 EMPLOYEE HEALTH BENEFITS PREMIUM	VARIOUS
T5325	WADE A MCNAIR	30,000.00	LEADERSHIP ACADEMY TRAINING	HUMAN RESOURCES
T1097	NCQA	29,247.00	HEDIS, VOL 2 PLUS QUALITY COMPASS AND POPULATION HEALTH PROGRAM ACCREDITATION	HEALTH SERVICES - QI
T4944	CENTRAL VALLEY FARMWORKER FOUNDATION	28,600.50	COVID EDUCATION OUTREACH SPECIALIST	PROVIDER NETWORK MANAGEMENT
T4496	VOX NETWORK SOLUTIONS, INC	28,310.97	TELSTRAT LICENSES & ANNUAL HOSTING	MIS INFRASTRUCTURE
T3084	KERN COUNTY - COUNTY COUNSEL ****	27,937.90	LEGAL FEES	ADMINISTRATION
T2851	SINCLAIR TELEVISION OF BAKERSFIELD, LLC	27,530.00	ADVERTISEMENT - MEDIA	MARKETING
T5494	LDP ASSOCIATES, INC	27,300.00	2022/2023 DISASTER RECOVERY & PC COOLING MAINT.	VARIOUS
T1694	KERN COUNTY FAIR	27,104.00	TICKETS, PARKING AND HAND WASHING STATIONS SPONSORSHIP	MARKETING
T5201	JAC SERVICES, INC	27,103.50	AC MAINTENANCE & SERVICE	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
T4523	BERKSHIRE LIFE INSURANCE COMPANY OF AMERICA	26,946.07	EMPLOYEE PREMIUM	ADMINISTRATION
T4228	THE SSI GROUP, LLC	26,602.80	EDI CLAIM PROCESSING	CLAIMS
T4424	GUROCK SOFTWARE GmbH	26,565.00	TESTRAIL RENEWAL	MIS INFRASTRUCTURE
T4993	LEGALSHIELD	26,554.10	EMPLOYEE PAID VOLUNTARY COVERAGE	PAYROLL DEDUCTION
T4466	SMOOTH MOVE USA	26,419.48	OFF SITE STORAGE	CORPORATE SERVICES
T1347	ADVANCED DATA STORAGE	25,877.79	STORAGE AND SHREDDING SERVICES	CORPORATE SERVICES
T5488	SALUSKY LAW GROUP	25,417.00	LEGAL FEES	ADMINISTRATION
T4663	DEVELOPMENT DIMENSIONS INTERNATIONAL, INC	25,000.00	2021-2023 LEADERSHIP LICENSE	HUMAN RESOURCES
T5578	KIMBERLY A MARTIN ****	24,447.50	NOV. 2022 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T4920	OTIS ELEVATOR COMPANY	23,622.30	ELEVATION INSPECTION AND MAINTENANCE	CORPORATE SERVICES
T5366	CONCUR TECHNOLOGIES, INC	23,569.25	2021 - 2022 SAP PROFESSIONAL SERVICES	FINANCE

KERN·HEALTH SYSTEMS

Year to Date AP Vendor Report

Amounts over \$20,000.00

Vendor No.	Vendor Name	Year-to-Date	Description	Department
T4731	LOGMEIN USA, INC.	23,137.81	INTERNET SERVICES	MIS INFRASTRUCTURE
T5480	PRESS GANEY ASSOCIATES LLC	22,500.00	PROVIDER AND MEMBER SATISFACTION SURVEYS	VARIOUS
T5395	LIVONGO HEALTH INC ****	22,350.00	EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T4611	LAMONT SCHOOL DISTRICT	22,000.00	2022-2024 SCHOOL WELLNESS GRANT	HEALTH EDUCATION
T5159	AT&T CORP ****	21,661.15	INTERNET SERVICES	MIS INFRASTRUCTURE
T4216	NEXSTAR BROADCASTING INC	20,650.00	ADVERTISEMENT - MEDIA	MARKETING
T5161	INTEGRATED HEALTHCARE ASSOCIATION	20,142.92	CONSULTING SERVICES	PROVIDER NETWORK MANAGEMENT
		48,497,096.89		
	TOTAL VENDORS OVER \$20,000	48,497,096.89		
	TOTAL VENDORS UNDER \$20,000	1,760,855.97		
	TOTAL VENDOR EXPENSES-YTD	50,257,952.86		

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

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T4699	ZEOMEGA, INC	766,615.22	ANNUAL LICENSE RENEWAL & OCT. NOV. 2022 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T1045	KAISER FOUNDATION HEALTH - HMO	576,009.86	JAN. 2023 EMPLOYEE HMO HEALTH BENEFITS PREMIUM	VARIOUS
T5155	A-C ELECTRIC COMPANY	568,931.25	CARPOOL SOLAR PROJECT	CAPITAL
T4350	COMPUTER ENTERPRISE	291,179.06	NOV. & DEC .2022 PROFESSIONAL SERVICES/CONSULTING SERVICES	VARIOUS
T1071	CLINICA SIERRA VISTA	269,045.65	OCT. 2022 GRANT PROGRAM	COMMUNITY GRANTS
T4165	SHI INTERNATIONAL CO.	234,170.07	WORKFORCE LICENSING & MAINTENANCE RENEWAL	MIS INFRASTRUCTURE
T2469	DST HEALTH SOLUTIONS, LLC.	167,100.00	ANNUAL ACG LICENSE & SUPPORT RENEWAL	MIS INFRASTRUCTURE
T4737	TEKSYSTEMS, INC.	125,040.00	OCT. & NOV. 2022 PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2458	HEALTHCARE FINANCIAL, INC	123,624.79	OCT. & NOV. 2022 PROFESSIONAL SERVICES	ADMINISTRATION
T4054	ASSOCIATION FOR COMMUNITY AFFILIATED PLANS	77,000.00	2023 MEMBER DUES	ADMINISTRATION
T4963	LINKEDIN CORPORATION	65,388.50	LINKEDIN LEARNING ANNUAL RENEWAL	HUMAN RESOURCES
T5076	MERIDIAN HEALTH SYSTEMS, P.C.	58,987.50	DEC. 2022 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5432	CATALYST SOLUTIONS, LLC	57,456.00	OCT. NOV & DEC. 2022 PROFESSIONAL SERVICES	BUSINESS INTELLIGENCE

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T5436	THE BEACON STUDIOS, LLC	56,502.00	ADVERTISING -TV COMMERCIAL	MEDIA & ADVERTISING
T4237	FLUIDEDGE CONSULTING, INC.	53,080.00	DEC. 2022 CONSULTING SERVICES	VARIOUS
T1404	CALIFORNIA ASSOCIATION OF HEALTH PLANS	47,377.00	2023 ANNUAL DUES	ADMINISTRATION
T1408	DELL MARKETING L.P.	43,702.83	MONITORS AND WORKSTATIONS	MIS INFRASTRUCTURE
T5421	PREMIER ACCESS INSURANCE COMPANY	41,399.10	JAN. 2023 EMPLOYEE DENTAL BENEFITS PREMIUM	VARIOUS
T5509	NGUYEN CAO LUU-TRONG	37,012.50	DEC. 2022 PROFESSIONAL SERVICES	UTILIZATION MANAGEMENT-UM
T5574	CARMAX AUTO SUPERSTORES, INC	30,451.85	VEHICLE FOR ENHANCED CARE MANAGEMENT VISITS	CORPORATE SERVICES
T5568	MICHELLE OXFORD	29,400.00	NOV. 2022 CONSULTING SERVICES	ADMINISTRATION
T5429	JANE MACADAM	29,118.77	2022 HYBRID COMMUTING	COMPLIANCE
T4554	THE KEN BLANCHARD COMPANIES	28,845.93	LEADERSHIP TRAINING COURSES	HUMAN RESOURCES
T4722	COGNIZANT TRIZETTO SOFTWARE GROUP, INC	28,833.47	DEC. 2022 PROFESSIONAL SERVICES & DEC. 2022 EDI CLAIM PROCESSING	VARIOUS
T4452	WELLS FARGO	27,813.25	ACH- MISC CREDIT CARD PURCHASES	VARIOUS

KERN·HEALTH SYSTEMS

January AP Vendor Report
Amounts over \$20,000.00

Vendor No.	Vendor Name	Current Month	Description	Department
T3011	OFFICE ALLY, INC	27,370.46	DEC. 2022 EDI CLAIM PROCESSING	CLAIMS
T4733	UNITED STAFFING ASSOCIATES	26,120.65	DEC. 2022 TEMPORARY HELP - (11) MS	VARIOUS
T4460	PAYSPAN, INC	24,778.63	NOV. 2022 ELECTRONIC CLAIMS/PAYMENTS	FINANCE
T1861	CERIDIAN HCM, INC.	24,620.70	DEC. 2022 & JAN. 2023 MONTHLY SUBSCRIPTION FEES/PROFESSIONAL SERVICES/ DAYFORCE HUMAN CAPITAL MANAGEMENT	HUMAN RESOURCES
T5337	CAZADOR CONSULTING GROUP INC	24,196.45	DEC. 2022 TEMPORARY HELP - (1) ACCTG: (2) IT: (10) MS: (1) QI : (1) UM	VARIOUS
T5520	BG HEALTHCARE CONSULTING, INC	23,100.00	DEC. 2022 CONSULTING SERVICES	POPULATION HEALTH MANAGEMENT
T5022	SVAM INTERNATIONAL INC	21,924.00	NOV. 2022 PROFESSIONAL SERVICES	MIS ADMINISTRATION
T5317	PRESIDIO NETWORKED SOLUTIONS GROUP LLC.	21,000.00	PROFESSIONAL SERVICES	MIS INFRASTRUCTURE
T2578	AMERICAN HEART ASSOCIATION - KERN COUNTY	20,000.00	YR 1 OF 3 COMMITMENT SPONSORSHIP	MEDIA & ADVERTISING
T4982	NGC US, LLC	20,000.00	PREFUND MEMBER INCENTIVES - COVID 19 INCENTIVE PROGRAM	VARIOUS
		4,067,195.49		
	TOTAL VENDORS OVER \$20,000	4,067,195.52		
	TOTAL VENDORS UNDER \$20,000	518,770.50		
	TOTAL VENDOR EXPENSES- JANUARY	\$ 4,585,966.02		

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

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
January							
FluidEdge	\$50,000.00	Yes	PNM	Emily Duran	Interim Program Manager for ECM and PNM dept. (Katie Sykes)	1/3/2022	3/31/2022
CEI	\$93,555.00	Yes	PM	LaVonne Banks	Project Manager/Scrum Master professional resources (Mark Stepko)	1/3/2022	4/30/2022
HD Dynamics	\$53,760.00	Yes	PNM	Emily Duran	Support and consulting hours for CRM for HHP	1/3/2022	12/31/2022
Symplr	\$35,700.00	Yes	IT	Richard Pruitt	Annual support for Cactus SaaS & DEA licenses	1/6/2022	1/5/2023
Mercer	\$95,000.00	Yes	HR	Anita Martin	Compensation study for 75 KHS jobs	1/20/2022	12/31/2022
KP	\$35,000.00	Yes	HE	Isabel Silva	Prenatal, postpartum, and COVID guides insert mailing	1/2/2022	12/31/2022
Lamar	\$37,336.00	Yes	MRK	Louie Iturriria	5 Billboard Advertisement	1/24/2022	1/23/2023
Jacquelyn Jans	\$63,000.00	Yes	MRK	Louie Iturriria	Marketing and corporate image consultant	1/2/2022	12/31/2022
Poppyrock	\$99,600.00	Yes	MRK	Louie Iturriria	Graphic design for KHS/KFHC members and provider	1/2/2022	12/31/2023
February							
Gartner	\$42,391.67	Yes	IT	Richard Pruitt	Individual Access Advisor license	2/1/2022	1/31/2023
MKB Landscaping	\$30,800.00	Yes	CS	Alonso Hurtado	Weekly landscaping services	2/10/2022	2/9/2023
Dell	\$56,799.22	Yes	IT	Richard Pruitt	Dell laptops (18), Docking Stations (18), and monitors (36)	2/9/2022	2/8/2026
Coffey Communications	\$70,000.00	Yes	HE	Isabel Silva	Provider Directory Print agreement	2/15/2022	2/14/2023
ZeOmega	\$57,818.70	Yes	IT	Richard Pruitt	Member portal implementation	2/9/2022	12/31/2022
March							
Wade McNair	\$30,000.00	Yes	HR	Anita Martin	Leadership Academy Training for new and experienced leaders	3/1/2022	6/17/2022
Ceridian	\$34,170.00	Yes	HR	Anita Martin	Additional 201 bulk of hours for project driven work and configurations	3/10/2022	3/9/2023
HC2	\$54,756.00	Yes	PNM	Emily Duran	Needs assessment for CalAIM initiatives	3/10/2022	3/9/2023
April							
TWE Solutions	\$91,450.00	Yes	IT	Richard Pruitt	licenses	4/29/2022	4/29/2023
Citrix	\$38,250.00	Yes	IT	Richard Pruitt	403 Citrix ADC Premium Edition and Desktop licenses	4/2/2022	4/1/2023
SSI Group, LLC	\$56,000.00	Yes	Claims	Robin Dow-Morales	EDI claims and electronic transactions	4/4/2022	4/3/2024
FluidEdge	\$67,200.00	Yes	PNM	Emily Duran	Interim Program Manager, Katie Sykes	4/2/2022	6/30/2022
Dell	\$53,328.33	Yes	IT	Richard Pruitt	25 Dell 5420 Laptops and 25 Docking stations	4/21/2022	4/20/2026
Cognizant	\$54,000.00	Yes	IT	Richard Pruitt	Claims Integrity Implementation for Zelis	4/21/2022	3/20/2025
Coffey Communications	\$89,360.00	Yes	MRK	Louie Iturriria	KHS Digital platform agreement	4/1/2022	3/31/2023
May							
Dell	\$98,096.46	Yes	IT	Richard Pruitt	Dell 5520 Latitude, Qty 49	5/18/2022	5/17/2026
Cognizant	\$99,999.00	Yes	IT	Richard Pruitt	Nutanix Xi Leap Cloud annual renewal	5/27/2022	5/26/2023
MR2	\$44,400.00	Yes	IT	Richard Pruitt	vCISO (Virtual Chief Information Security) Services	5/26/2022	5/25/2023

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
June							
Milliman	\$99,900.00	Yes	ACCT	Veronica Barker	D-SNP (Base, Level and Gap Analysis)	6/1/2022	5/31/2023
HMA	\$99,000.00	Yes	ACCT	Veronica Barker	Actuarial Services (RDT, SDR's & Rate Analysis)	6/1/2022	5/31/2023
LDPq	\$40,365.00	Yes	CS	Alonso Hurtado	floor)	6/4/2022	6/3/2025
Presidio	\$50,550.00	Yes	IT	Richard Pruitt	Exchange Online Migration	6/14/2022	6/13/2023
Presidio	\$57,174.00	Yes	IT	Richard Pruitt	SSRS Dashboard Discovery & Power BI implementation	6/14/2022	6/13/2023
TWE Solutions	\$99,946.40	Yes	IT	Richard Pruitt	24x7 Managed Security services	6/14/2022	6/13/2023
Context4 Healthcare	\$75,142.83	Yes	IT	Richard Pruitt	ICD-10 and CPT codes through AMA co-termed w/HCPCS codes	6/27/2022	6/27/2023
LDP	\$41,535.00	Yes	CS	Alonso Hurtado	Support & maint. for 3 APC cooling units	6/4/2022	6/3/2025
JLL/Technologies	\$38,752.00	Yes	CS	Alonso Hurtado	Cubicle resource scheduling app	6/28/2022	6/27/2023
July							
Spectrum	\$61,164.00	Yes	IT	Richard Pruitt	1Gbps of Internet access	7/17/2022	7/16/2025
AT&T	\$63,576.00	Yes	IT	Richard Pruitt	1Gbps of Internet access for KHS building	7/13/2022	7/12/2025
Rest and Reassure, LLC	\$72,000.00	Yes	IT	Richard Pruitt	Consulting services for Cal-Aim & PHM dept requirements	7/15/2022	12/31/2022
Solution Bench	\$76,461.95	Yes	IT	Richard Pruitt	M-files subscription base licenses & 2 add-on modules	7/23/2022	7/22/2022
CDW-G	\$41,811.41	Yes	IT	Richard Pruitt	Juniper switches support & maint.	7/1/2022	6/30/2023
FluidEdge	\$67,200.00	Yes	PNM	Amisha Pannu	PNM consultant, Katie Sykes	7/1/2022	9/30/2022
BG Healthcare Consulting	\$30,000.00	Yes	PHM	Deborah Murr	Consulting services to audit KHS policies	7/13/2022	12/31/2022
August							
Octopai	\$64,800.00	Yes	IT	Richard Pruitt	Data Lineage System	8/10/2022	8/9/2023
Cotiviti	\$80,750.00	Yes	PHM	Deborah Murr	HRA outreach of SPD members	8/1/2022	7/31/2023
Dell	\$98,099.72	Yes	IT	Richard Pruitt	(49) 5520 laptops	8/30/2022	8/29/2026
September							
CCS	\$193,740.00	Yes	CS	Alonso Hurtado	Janitorial Services for KHS building	9/6/2022	9/5/2023
Spectrum	\$84,480.00	Yes	IT	Richard Pruitt	Cloud Connect to Azure	9/24/2022	9/23/2024
The Periscope Group	\$98,880.00	Yes	UM	Deb Murr	In-home assessment visits to members	9/5/2022	9/4/2023
JMD Solutions	\$144,000.00	Yes	IT	Richard Pruitt	Kern Medical Data Extration and Transformation	9/26/2022	1/31/2023
TriZetto	\$95,000.00	Yes	CL	Robin Dow-Morales	Electronic claims processing	9/6/2022	9/5/2025
October							
HMA	\$99,150.00	Yes	COMP	Jane MacAdam	Dept	10/5/2022	5/30/2023
Catalyst Solutions	\$90,720.00	Yes	IT	Richard Pruitt	D-SNP Advisor/ Program Manager	10/11/2022	12/31/2022
FluidEdge	\$96,200.00	Yes	COMP	Jane MacAdam	Consulting services	10/4/2022	12/31/2022
Dell	\$99,856.63	Yes	IT	Richard Pruitt	Additional (47) Dell Latitude 5530 Laptops	10/27/2022	10/26/2026
Optum	\$61,177.00	Yes	IT	Richard Pruitt	Payment system	10/1/2022	4/30/2024

Vendor Name	Contract Amount	Budgeted	Department	Department Head	Services that this vendor will provide to KHS	Effective Date	Termination Date
Secure-Centric	\$191,889.68	Yes	IT	Richard Pruitt	Rubrik brick	10/20/2022	10/19/2023
Coffey Communications	\$111,674.00	Yes	HE	Isabel Silva	Printing services Addendum	10/26/2022	2/14/2023
November							
FluidEdge	\$62,400.00	Yes	PM	LaVonne Banks	NCQA Program Manager	11/1/2022	12/31/2022
December							
CDW-G	\$67,420.75	Yes	HE	Richard Pruitt	Fortinet-Fortigate renewal and support co-termed	12/31/2022	12/31/2023
SHI	\$122,471.74	Yes	IT	Richard Pruitt	(86) TelStrat Hosting licenses	12/1/2022	1/31/2026
Dell	\$161,579.74	Yes	IT	Richard Pruitt	(76) Dell 5530 laptops	12/7/2022	12/6/2026
January							
Jacquelyn S. Jans	\$135,840.00	Yes	MRK	Louie Iturriria	Marketing & Corporate Image Consulting	1/2/2023	12/31/2024
HD Dynamics	\$50,000.00	Yes	PNM	Amisha Pannu	Consulting services for Microsoft Dynamics CRM	1/2/2023	12/31/2023
Rest and Reassure, LLC	\$144,000.00	Yes	PHM	Deb Murr	Consulting services for Cal-Aim & PHM dept requirements	1/2/2023	12/31/2023
BG Healthcare	\$189,000.00	Yes	PHM	Deb Murr	Consulting services	1/2/2023	12/23/2022
SHI	\$51,094.74	Yes	IT	Richard Pruitt	VMWare renewal	1/1/2023	12/31/2023
Catalyst	\$199,999.00	Yes	Exec	Michell Oxford	D-SNP and related Medicare health plan resource	1/30/2023	6/2/2023
Jennifer Clancy	\$49,500.00	Yes	BH	Deb Murr	Behavioral Health Department Development	1/30/2023	5/30/2023
Lamar	\$69,115.56	Yes	MRK	Louie Iturriria	(6) Billboards Advertising	1/23/2023	6/30/2024
Cotiviti	\$175,000.00	Yes	QI	Jane Daughenbaugh	Medical record retrieval services	1/27/2023	5/31/2023

2022 TECHNOLOGY CONSULTING RESOURCES																		
ITEM	PROJECT	CAP/EXP	BUDGET	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD	TOTAL	REMAINING BALANCE
#	Project Name																	
1	Community Based Organization Referral System	CAP	\$370,080	\$15,440	\$30,360	\$20,160	\$20,160	\$0	\$0	\$0	\$0	\$0	\$7,920			\$94,040	\$276,040	
2	Medical Management/Fraud, Waste, and Abuse Programs	CAP	\$500,000	\$21,120	\$35,798	\$25,066	\$17,472	\$0	\$0	\$0	\$0	\$0				\$99,456	\$400,544	
3	Claims Workflow Conversion (QNXT)	CAP	\$472,800		\$8,826	\$51,501	\$57,335	\$40,726	\$37,318	\$45,317	\$38,701	\$18,094	\$7,120	\$0	\$0	\$304,938	\$167,862	
4	Data Lineage System	CAP	\$184,800	\$17,472	\$0	\$19,320	\$0	\$0	\$37,789	\$0	\$0	\$0	\$0	\$15,840	\$18,480	\$108,901	\$75,899	
5	Analytic Software (Power BI) Migration	CAP	\$124,800						\$36,691	\$17,472	\$0	\$0				\$54,163	\$70,637	
6	Communication Software Replacement	CAP	\$121,800					\$17,600	\$0	\$23,920	\$0	\$0	\$0	\$0		\$41,520	\$80,280	
8	Staff Augmentation	EXP	\$7,393,315	\$410,586	\$359,294	\$356,945	\$344,059	\$373,337	\$342,030	\$312,222	\$427,515	\$436,176	\$513,823	\$494,462	\$594,583	\$4,965,032	\$2,428,283	
Totals:		Totals	\$9,167,595	\$464,618	\$434,278	\$472,992	\$439,026	\$431,663	\$453,828	\$398,931	\$466,216	\$454,270	\$528,863	\$510,302	\$613,063	\$5,668,050	\$3,499,545	

Updated 3/8/23

