

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
February 10, 2022**

A meeting of the board of directors for Kairos Health Arizona, Inc., was held on February 10, 2022 at 333 East Osborn Road, Suite 100, Phoenix, AZ 85012.

Members present: Lana Berry
Rudy Rodriguez, telephonically
David Tharp
Dr. Michael L. Wright, telephonically

Members absent: Chris Knutsen

Staff present: Risk Program Administrators

John Ashton
Tanya Edwards
Mike Tiffany
Lori Jundt
Jeremy Larson
Jennifer Sherman
Hannah Olson
Divi Matuszewski
Denise Walsh
Jennifer Gabriel
Peter Gregory
Jenna Arico
Chris Marler
Courtney Buze
Nicole Rice
Kiersten Riley

Claremont Capital Management, LLC

Tom Palmer
Patrick Kohnen

Patriot Growth Insurance Services

Tom Marreel
Scott Iwanowski

Wright Welker & Pauole

Chris Welker

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A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 12:10 p.m.

2. Welcome visitors

Allison Sparks: Capital Financial

Julie Roden: Capital Financial

Robert Campbell: Arthur J. Gallagher

Joel Rudick: Sedona Financial

Laura Cronk: Town of Payson

Casey Johnson: Kingman Unified School District

Dee Ostrowicki: Chandler Unified School District

Kathy Valenzuela: Town of Gila Bend

Jeff Filloon: Chandler Unified School District

Bobby Fendley: Fendley Benefits

B. General Business

1. A motion was made to approve the board agenda for February 10, 2022.

Lana Berry, moved

Dave Tharp, seconded

Motion passed unanimously

2. A motion was made to approve the minutes from the November 10, 2021 annual meeting of the membership.

Lana Berry, moved

Rudy Rodriguez, seconded

Motion passed unanimously

3. A motion was made to approve the minutes from the November 10, 2021 annual meeting of the board.

Lana Berry, moved

Rudy Rodriguez, seconded

Motion passed unanimously

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4. A motion was made to approve the minutes from the November 30, 2021 meeting of the board.

Lana Berry, moved
Rudy Rodriguez, seconded
Motion passed unanimously

5. Management report

The following items were discussed in the management report:

- AGRiP Award for Excellence in Performance;
- board vacancies;
- medical claims audit;
- COVID-19 at-home testing;
- regulatory filing;
- business development update;
- 2022/2023 renewal and open enrollment;
- Trust Risk Management Summit;
- first responder EAP;
- retiree benefit solutions; and
- future meeting schedule.

6. Financial report

Jeremy Larson presented the management dashboard for the period ending December 31, 2021. Year-to-date net operating revenues were \$59,617,389. Operating expenses and other income totaled \$51,160,168. Total net income was \$2,523,777 for self-funded members and \$5,903,688 for the shared risk pool.

Tom Palmer presented the investment report, as well as an update on the current state of the financial markets.

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7. Claims report

Denise Walsh presented an overview of clinical advocacy program performance. Tanya Edwards presented an update on COVID-19 reporting through January 22, 2022.

C. New Business

1. Discussion of pharmacy benefit manager (PBM) contract renewal analysis

Tanya Edwards and Robert Campbell presented a PBM contract renewal analysis. The financial analysis was conducted on a gross cost basis, specifically using the most recent 12 months of claim data.

The report highlights included:

- improved pricing, with an estimated \$7.1M (8.4%) savings over 3 years;
- improved financial terms and conditions in the contract;
- agreement to a three-year extension of the contract, with the option of conducting a market check to improve contract terms; and
- improved rebates, guarantees, and administrative fees.

No formal action was needed at this time.

2. Discussion and approval of 2022/2023 Budget—Rev. 0; rates; and plan design

John Ashton presented the 2022/2023 plan design, rates, and program changes, which were approved in November of 2021. Mr. Ashton told the board that these changes were contemplated in the budget, which he would present next. He also mentioned a new item staff was recommending: a reduction in the generic mail order prescription copay to \$20.

Mr. Ashton then reviewed the budget. Staff presented two options to the board:

- option 1: a uniform rate increase of 5% for all plans; and
- option 2: different rate adjustments by plan design depending on the loss experience.

Mr. Ashton explained that the Core plan was not performing well and that it was being subsidized by the other plans. With this in mind, staff's recommendations for rate increases under option 2 were as follows:

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- 10% for the Core plan;
- 5% for the Copay; \$1,500 HDHP; and \$2,500 HDHP plans; and
- 3% for the \$5,000 HDHP.

Mr. Ashton reminded the board of the authority granted to management to adjust each member's rates based on the loss experience of that individual member. The authority granted to management was +/- 7% to the rates approved by the board.

Finally, Mr. Ashton also reviewed the detailed budget, including what net position would be with different rate adjustments.

After much discussion, a motion was made to approve the 2022/2023 rates and plan design, with a decrease to \$20 for generic mail order prescriptions; different rate adjustments by plan design; and continued administrator authority to apply variable rating based on each member's loss experience.

Rudy Rodriguez, moved
Michael Wright, seconded
Motion passed as Rudy Rodriguez, Michael Wright, and Lana Berry voted in favor and David Tharp voted against

D. Executive Session

1. A motion was made to enter executive session.

Rudy Rodriguez, moved
Lana Berry, seconded
Motion passed unanimously

2. A motion was made to exit executive session.

Rudy Rodriguez, moved
Lana Berry, seconded
Motion passed unanimously

E. Open Session

1. A motion was made to approve the minutes of the August 25, 2021 executive session.

Dave Tharp, moved

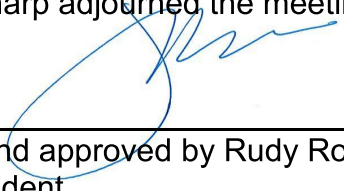
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Lana Berry, seconded
Motion passed unanimously

F. Adjournment

Dave Tharp adjourned the meeting at 2:23 p.m.



Received and approved by Rudy Rodriguez
Board President
Kairos Health Arizona, Inc.