

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
April 15, 2021**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on April 15, 2021.

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

Members absent: Sandy Cooper

Staff present: Risk Program Administrators

John Ashton
Jennifer Darnall
Tanya Edwards
Jennifer Gabriel
Lori Jundt
Jeremy Larson
Tara Zika
Hannah Olson
Divi Matuszewski
Denise Walsh
Angie Stoudemire
Jenna Arico
Peter Gregory
Stephanie Yingling

Claremont Capital Management, LLC

Tom Palmer
Patrick Kohen

MSI

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 12:03 p.m.

2. Welcome visitors

Casey Johnson: Kingman Unified School District, telephonically

B. General Business

1. A motion was made to approve the agenda for April 15, 2021.

David Tharp, moved
Michael Wright, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the meeting of the board from February 11, 2021.

Chris Knutsen, moved
David Tharp, seconded
Motion passed unanimously

3. Management report

The following items were discussed in the management report:

- 2021/2022 renewal and onboarding;
- COVID-19 relief packages;
- legislative update;
- partner implementation update;
- credit card issuance;
- business development; and
- future meeting schedule.

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4. Financial report

Jeremy Larson presented the management dashboard for the period ending February 28, 2021. Year-to-date net operating revenues were \$77,123,779, and total operating expenses were \$69,330,409. Total net income for self-insured members and the shared risk pool was \$3,647,573 and \$4,377,258, respectively.

Tom Palmer presented the investment report and an update on the current state of the financial markets.

5. Claims report

Tanya Edwards presented an update on the clinical advocacy program.

The BCBSAZ claims report ending February 28, 2021, was included during the meeting but not discussed in great detail.

C. New Business

1. Discussion and approval of 2021/2022 contracts and policies

Tanya Edwards presented the 2021/2022 contract and policy summary identifying the vendors that provide services to the pool. The summary included a description of services, fees/rates, and an overview of key terms and conditions. Ms. Edwards advised that the vast majority of the proposed fees have been contemplated in the 2021/2022 Budget—Rev. 0, which was approved at the previous board meeting.

A motion was made to approve the 2021/2022 contracts and policies.

Chris Knutsen, moved
Shannon Crosier, seconded
Motion passed unanimously

2. Discussion and approval of 2021/2022 Risk Program Administrators (RPA) contract fee proposal

John Ashton presented the 2021/2022 RPA contract fee proposal. Mr. Ashton presented the history of administration fees and explained why staff is requesting to convert to a per employee per month (PEPM) basis. The three primary reasons given were:

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1. to balance out RPA staffing;
2. to support membership growth; and
3. to add additional services for the pool.

Mr. Ashton explained that with this increase, operating expenses, including claims administration, would remain under 10% of total contributions.

A motion was made to approve the 2021/2022 RPA contract fee proposal, which included converting to a PEPM fee.

Michael Wright, moved
Chris Knutsen, seconded
Motion passed unanimously

3. Discussion and approval of 2021/2022 Risk Program Administrators (RPA) proposed contract

John Ashton presented the 2021/2022 Risk Program Administrators contract, which was sent to the board prior to the board meeting.

Mr. Ashton offered to have staff leave the room if the board members wished to discuss the contract among themselves. Chris Welker also offered to assist with any questions or go into executive session if the board required legal advice. The board declined.

Mr. Welker explained that the contract remained consistent with the previous one, with a few minor changes as follows:

- The RPA agreement contains a new limitation of liability provision that caps RPA's potential liability to Kairos at \$1 million per claim. This coincides with the limits of the errors and omissions insurance that RPA is required to carry.
- The new agreement does not carry over the "Suspension" provision from the prior agreement, which provided that Kairos could direct the administrator to suspend its work as desired by Kairos. As the termination provision allows for termination without cause, a suspension provision is not necessary.
- The new agreement does not contain the "Taxes" provision from the prior agreement, which was ambiguous.

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Mr. Ashton also addressed a request from a board member to extend the termination provision from 90 days to 180 days. Mr. Welker clarified that this provision applies to the termination for convenience language.

A motion was made to approve the 2021/2022 Risk Program Administrators contract subject to a change in the termination provision to 180 days.

Lana Berry, moved
Michael Wright, seconded
Motion passed unanimously

4. Discussion and approval of retroactive revisions to Ashton Tiffany contract relating to tax liability

John Ashton presented the revisions to Ashton Tiffany's contract relating to Section 16: Taxes. The intent of this provision was to clarify that the administrator is directly responsible and liable for the taxes, assessments, and governmental charges associated with the administrator's compensation for, and performance of, the services set forth in Appendix A of the Agreement (e.g., administrator's payroll, administrator's income, taxes and administrator's licensing fees). The intent was *not* for the administrator to be responsible or liable for any taxes, assessments, or governmental charges owed by Kairos.

Staff requested revised language to the contract retroactive to July 1, 2017, which was included in the proposed resolution and approved by Kairos's legal counsel.

Mr. Ashton offered to have staff leave the room if requested. Chris Welker also offered to assist with any questions or go into executive session if the board required legal advice. The board declined.

A motion was made to approve the retroactive revisions to Ashton Tiffany's contracts relating to tax liability.

Lana Berry, moved
Chris Knutsen, seconded
Motion passed unanimously

D. Executive Session

1. A motion was made to enter executive session.

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Chris Knutsen, moved
Lana Berry, seconded
Motion passed unanimously

2. A motion was made to exit executive session.

Lana Berry, moved
Chris Knutsen, seconded
Motion passed unanimously

E. Open Session

1. A motion was made to approve the minutes of the January 12, 2021 executive session.

Michael Wright, moved
Lana Berry, seconded
Motion passed unanimously

F. Adjournment

Rudy Rodriguez adjourned the meeting at 1:54 p.m.



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