

**KAIROS HEALTH ARIZONA, INC.**

**Minutes of the Meeting of the Board of Directors  
February 11, 2021**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on February 11, 2021, at 333 East Osborn Road, Suite 100, Phoenix, AZ 85012 and via Zoom.

**Members present:** Lana Berry  
Sandy Cooper  
Shannon Crosier  
Chris Knutsen  
Rudy Rodriguez; telephonically  
David Tharp  
Dr. Michael L. Wright

**Members absent:** None

**Staff present:** John Ashton: Ashton Tiffany, LLC  
Jennifer Darnall: Ashton Tiffany, LLC  
Tanya Edwards: Ashton Tiffany, LLC  
Jennifer Gabriel: Ashton Tiffany, LLC  
Lori Jundt: Ashton Tiffany, LLC  
Jeremy Larson: Ashton Tiffany, LLC  
Tara Zika: Ashton Tiffany, LLC  
Hannah Olson: Ashton Tiffany, LLC  
Divi Matuszewski: Ashton Tiffany, LLC  
Angie Stoudemire: Ashton Tiffany, LLC  
Denise Walsh: Ashton Tiffany, LLC  
Peter Gregory: Ashton Tiffany, LLC  
Klaudia Gyder: Ashton Tiffany, LLC  
Jenna Arico: Ashton Tiffany, LLC  
Chris Marler: Ashton Tiffany, LLC  
Stephanie Yingling: Ashton Tiffany, LLC  
Tom Palmer: Claremont Capital, LLC  
Patrick Kohlen: Claremont Capital, LLC  
Stephanie Weaver: MaxorPlus  
Rebecca Gaffey: MaxorPlus  
Ian Parnigoni: MaxorPlus  
Tom Marreel: MSI  
Kathy Martin: The Virtuous Group  
Chris Welker: Wright Welker & Pauole

**A. Opening of the Meeting**

1. Call to order

**KAIROS HEALTH ARIZONA, INC.**

**Minutes of the Meeting of the Board of Directors  
February 11, 2021**

Rudy Rodriguez called the meeting to order at 12:06 p.m.

2. Welcome visitors

Tom Beaumont: Capital Financial  
Julie Roden: Capital Financial  
Allison Sparks: Capital Financial  
Dee Ostrowicki: Chandler Unified School District  
Shelly Dailey: Chino Valley Unified School District  
Bobby Fendley: Fendley Benefits  
Kathy Brooks: Osborn Elementary School District  
Bill Chester: Pine-Strawberry Fire District  
Philip Paine: Pine-Strawberry Fire District  
Brian Moore: Prescott Unified School District  
Mary Monos: Queen Creek Unified School District  
Laura Cronk: Town of Payson  
Lynne Odonnell: Town of Payson

**B. General Business**

1. A motion was made to approve the agenda for February 11, 2021.

David Tharp, moved  
Sandy Cooper, seconded  
Motion passed unanimously

2. A motion was made to approve the minutes of the January 12, 2021 board of directors.

Michael Wright, moved  
Chris Knutsen, seconded  
Motion passed unanimously

3. Management report

The following items were discussed in the management report:

- 2021/2022 renewal update;
- regulatory filing;
- business development update;
- COVID-19 vaccine initiative;

## KAIROS HEALTH ARIZONA, INC.

### Minutes of the Meeting of the Board of Directors February 11, 2021

- clinical advocacy update; and
- future meeting schedule.

#### 4. Financial report

Jeremy Larson presented the management dashboard for the period ending December 31, 2020. Year-to-date net operating revenues were \$57,519,433, and total operating expenses were \$50,904,377. Total net income for the self-insured members and the shared risk pool was \$3,015,464 and \$3,810,305, respectively.

Tom Palmer presented an update on the investment report.

#### 5. Claims report

Rebecca Gaffey and Ian Parnigoni gave an update on pharmacy claims performance for the period ending December 31, 2020.

### C. New Business

#### 1. Discussion and ratification of representation agreement for Myers Bigel, PA

Tanya Edwards presented the representation agreement for Myers Bigel. David Nigro, who provides technology-related legal consulting services to Kairos, left his previous law firm of Snell and Wilmer and joined a new firm, Myers Bigel. Ms. Edwards subsequently signed a contract assignment letter and notified the board of the fee reduction with this change.

A motion was made to ratify the representation agreement for Myers Bigel, PA.

Michael Wright, moved  
Lana Berry, seconded  
Motion passed unanimously

#### 2. Discussion and approval of authority matrix

Tanya Edwards presented changes to the authority matrix, which outlines the authority levels of contractors working on behalf of Kairos. The changes are as follows:

- simplified format;
- removal of Tracy Foss's position as director of operations;

## **KAIROS HEALTH ARIZONA, INC.**

### **Minutes of the Meeting of the Board of Directors February 11, 2021**

- addition of board of directors authority; and
- increase in subrogation and donation limits.

A motion was made to approve the authority matrix as presented.

Chris Knutsen, moved  
Sandy Cooper seconded  
Motion passed unanimously

#### **3. Discussion and approval of firefighter medical evaluation program**

John Ashton presented the resolution for the firefighter medical evaluation program. The program provides cancer screenings to Arizona fire district personnel. The program administration and costs are intended be shared among Kairos and Securis Insurance Pool, Inc., an Arizona fire district workers' compensation pool. Fire districts would have to be a member of both pools. Management believes this program will provide easier access to cancer screenings, improve early detection, and create marketing opportunities for both pools.

Three program considerations were presented, which resulted in an estimated cost of \$625 per person screening for continuing firefighters and a slightly higher rate for new hires.

A motion was made to approve Kairos funding of 50% of the program, contingent upon Securis approval of funding of the other 50%.

Chris Knutsen, moved  
Michael Wright, seconded  
Motion passed unanimously

#### **4. Discussion and approval of letter of consent to assignment of Ashton Tiffany, LLC, contract**

John Ashton presented the letter of consent to assignment of the Ashton Tiffany contract. The agreement is to formally sign over rights for Kairos's pool administration from Ashton Tiffany to Risk Program Administrators (RPA), who acquired Ashton Tiffany in December of 2020.

Mr. Ashton offered to have staff leave the room so that the board could freely discuss the agreement assignment. The board declined.

**KAIROS HEALTH ARIZONA, INC.**

**Minutes of the Meeting of the Board of Directors  
February 11, 2021**

A motion was made to approve the contract assignment letter.

Chris Knutsen, moved  
Sandy Cooper, seconded  
Motion passed unanimously

5. Discussion of five-year pro forma

John Ashton presented the electronic five-year pro forma. In this report, the board was able to see pro forma scenarios under different financial assumptions. Mr. Ashton also displayed the negative impact the pool could expect from granting rate passes.

No motion was needed.

6. Discussion and approval of 2021/2022 Budget—Rev. 0, rates, and plan design

Staff presented the 2021/2022 rates, plan design, and a detailed budget analysis. Based on the budget analysis, the shared risk portion of Kairos was projecting a 7 percent overall increase in medical rates (subject to the adjustment mentioned below) and a 3 percent increase for the PPO dental program. The assumptions of this analysis were discussed in detail during the meeting.

Tanya Edwards then presented the 2021/2022 plan designs, which were approved in January of 2021. She also highlighted two pending items from the January meeting: (1) allowing part-time coverage for employees working 15–30 hours; and (2) allowing coverage for firefighters working 24-hour shifts. Staff did not recommend implementing these two pending items.

Mr. Ashton then reviewed the detailed budget, illustrating two different options: including the impact of a 0% increase and a 7% increase. Mr. Ashton also reminded attendees of the management underwriting authority that was granted in January, allowing a variable rate component for members with at least two years of loss history.

After much discussion, a motion was made to approve the 2021/2022 rates and plan design, with a base 7% increase in medical rates, 3% increase in dental rates, and administrator's authority to apply variable rating between 0% and 14% based on the member's loss history.

Michael Wright, moved  
Lana Berry, seconded


**KAIROS HEALTH ARIZONA, INC.**

**Minutes of the Meeting of the Board of Directors  
February 11, 2021**

Motion passed unanimously

**D. Adjournment**

Rudy Rodriguez adjourned the meeting at 2:57 p.m.



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