

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
January 23, 2019**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on January 23, 2019 at 333 East Osborn Road, Suite 100, Phoenix, AZ 85012.

Members present: Lana Berry
Sandy Cooper
Jeffrey Gadd
Chris Knutsen
Rudy Rodriguez
David Tharp (telephonic)
Michael Wright

Members absent: None

Staff present: John Ashton: Ashton Tiffany, LLC
Mike Tiffany: Ashton Tiffany, LLC
Tracy Foss: 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
Wes Gates: Ashton Tiffany, LLC
Tom Marreel: MSI

A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 11:08 a.m.

2. Welcome visitors

Chris Welker: Wright Welker & Pauole
Kevin Hooks: The Virtuous Group

B. General Business

1. A motion was made to approve the agenda for January 23, 2019.

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Lana Berry, moved
Sandy Cooper, seconded
Motion passed

C. Executive Session

A motion was made to enter executive session at 11:10 a.m.

Chris Knutsen, moved
Michael Wright, seconded
Motion passed

The board discussed the following items:

1. minutes of the December 7, 2018 executive session; and
2. the BCBSAZ contract.

A motion was made to exit executive session at 11:30 a.m.

Chris Knutsen, moved
Michael Wright, seconded
Motion passed

D. Open Session

1. A motion was made to approve the minutes of the December 7, 2018 executive session.

Sandy Cooper, moved
Jeffrey Gadd, seconded
Motion passed

B. General Business (Continued)

1. A motion was made to approve the minutes of the December 7, 2018 annual meeting of the members.

Sandy Cooper, moved
Chris Knutsen, seconded
Motion passed

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2. A motion was made to approve the minutes of the December 7, 2018 annual meeting of the board.

Sandy Cooper, moved
Chris Knutsen, seconded
Motion passed

3. Financial report

Jeremy Larson presented the financial dashboard and the preliminary financial statements for the period ending November 30, 2018. Total assets were \$63,866,992, consisting primarily of cash and cash equivalents and investments. Total liabilities were \$53,765,363, consisting primarily of claims and self-funded member account balances. Net position as of November 30, 2018 was \$10,101,629.

Mr. Larson also presented a brief update on the preliminary financial projections for December 2018, noting that the pool continued to perform well.

E. New Business

1. Discussion and approval of pharmacy benefit manager.

Tanya Edwards presented a summary of the pharmacy benefit manager (PBM) evaluation for the 2019/2020 plan year. She noted the primary reasons for a potential need to change service providers, as follows:

- a. Kairos has been operating under two separate PBMs (Optum, through Blue Cross Blue Shield of Arizona; and the APEHP legacy program through CVS CareMark); the two programs were both up for renewal.
- b. Pharmacy costs for the 2018/2019 plan year were estimated to be near 20% of total medical/pharmacy claims expense; those costs are expected to increase substantially as Kairos grows.
- c. Kairos's current pharmacy benefit programs are opaque and complex, involving layers of intermediaries, with complicated contract provisions that lack transparency.

Ms. Edwards introduced Kevin Hooks, a PBM consultant, who was engaged to assist with the evaluation of PBM options. Mr. Hooks provided an overview of the evaluation process used to survey five vendors. He advised that while all five vendors were highly rated in the industry, Maxor seemed the best alternative for Kairos.

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Ms. Edwards advised that staff was recommending Maxor as the new PBM, effective July 1, 2019, based on multiple factors, including: (1) service reputation; (2) projected savings; (3) client references; (4) direct contracting; (5) effective trend management; and (6) innovative clinical and member management programs.

A motion was made to approve Maxor as the 2019/2020 Kairos pharmacy benefit manager.

Jeffrey Gadd, moved
Sandy Cooper, seconded
Motion passed

F. Adjournment

A motion was made to adjourn the meeting at 12:37 p.m.

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