

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
June 19, 2019**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on June 19, 2019 at 150 South 6th Street, Cottonwood, AZ 86326.

Members present: Lana Berry
Sandy Cooper
Chris Knutsen
Rudy Rodriguez
David Tharp

Members absent: Jeffrey Gadd
Michael Wright

Staff present: John Ashton: Ashton Tiffany, LLC
Tracy Foss: Ashton Tiffany, LLC
Jennifer Darnall: Ashton Tiffany, LLC
Tanya Edwards: Ashton Tiffany, LLC
Jennifer Gabriel: Ashton Tiffany, LLC
Jeremy Larson: Ashton Tiffany, LLC
Tara Zika: Ashton Tiffany, LLC
Hannah Olson: Ashton Tiffany, LLC
Diviana Matuszewski: Ashton Tiffany, LLC
Tom Marreel: MSI
Scott Iwanowski: MSI
Patrick Kohlen: Claremont Capital Management, LLC
Tom Palmer: Claremont Capital Management, LLC
Washington Coven: Blue Cross Blue Shield of Arizona
Bob Jussell: Blue Cross Blue Shield of Arizona
Chris Welker: Wright, Welker & Paule

A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 12:02 p.m.

2. Welcome visitors

Ryan Gray: Humboldt Unified School District, board president
Becky Wilson: Cottonwood Oak Creek School District, HR
Barbara Amato: Cottonwood Oak Creek School District, HR
Ron Corbin: City of Cottonwood, city manager

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B. General Business

1. A motion was made to approve the agenda for June 19, 2019.
Sandy Cooper, moved
David Tharp, seconded
Motion passed unanimously

2. A motion was made to approve the board meeting minutes of April 17, 2019

David Tharp, moved
Lana Berry, seconded
Motion passed unanimously

3. Management report

The following items were discussed:

- pharmacy benefit program update;
- data warehouse feasibility study;
- business development update;
- renewal and onboarding update;
- conflict of interest statements;
- wellness program update; and
- future meetings.

4. Financial report

Jeremy Larson presented the management dashboard for the period ending April 30, 2019. Gross contributions year-to-date were \$74,866,854, and administrative expenses were \$1,963,855. The year-to-date net income for the shared risk pool was \$163,412, and \$2,529,113 for the self-insured program.

BCBS is providing Kairos with approximately \$1,800,000 in additional Rx rebates due to a settlement reached between Kairos and BCBS. Of the \$1,800,000, \$778,000 is associated with the 2017–2018 fiscal year, and \$1,022,000 is associated with the 2018–2019 fiscal year. The full \$1,800,000 will be recorded as Rx rebates on the 2018–2019 fiscal year financials, as the settlement was not reached until the 2018–2019 fiscal year.

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

5. Claims report

Washington Covena and Bob Jusell presented the claims report through April 30, 2019.

C. New Business

1. Discussion and approval of 2018–2019 BCBSAZ contract amendment and 2019–2020 BCBSAZ contracts

Tanya Edwards presented an overview of the 2018–2019 BCBSAZ contract amendment and 2019–2020 contracts, which were reviewed by Kairos staff and counsel. Due to a number of outstanding key provisions still under negotiation, the decision was made to table this item until a later date.

A motion was made to table the approval of the 2018–2019 BCBSAZ contract amendment and 2019–2020 BCBSAZ contracts.

Chris Knutsen, moved,
David Tharp, seconded
Motion passed unanimously

2. Discussion and approval of 2019–2020 MaxorPlus pharmacy benefit management contract

Tanya Edwards presented an overview of the 2019–2020 MaxorPlus contract, which was reviewed by Kairos staff, the Virtuous Group (PBM consultant), and Kairos counsel. The key provisions of the contract included:

- standardized requirements consistent with all other Kairos contract provisions and notification requirements;
- assurance of transparent and competitive financial terms and definitions;
- clearly outlined audit and data accessibility provisions;
- automatic annual renewal subject to annual review;
- exclusivity for all public entities in the state of Arizona; and
- robust performance guarantees to support Kairos expectations of vendors.

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A motion was made to approve the 2019–2020 MaxorPlus contract

David Tharp, moved
Sandy Cooper, seconded
Motion passed unanimously

3. Discussion and approval of 2019–2020 benefit plan and wrap document

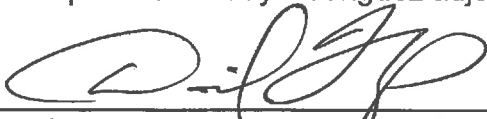
Tanya Edwards presented the amended plan benefit change sheet for 2019–2020 and the proposed revisions to the wrap plan document for Kairos. The benefit change sheet reflects modifications to the Kairos medical plans administered by Blue Cross Blue Shield of Arizona. Ms. Edwards noted that the changes to the plan document were a result of review and recommendations by The Phia Group, Kairos’s independent consultant.

A motion was made to approve the 2019–2020 benefit plan and wrap document.

Sandy Cooper, moved
Lana Berry, seconded
Motion passed unanimously

D. Adjournment

Board president Rudy Rodriguez adjourned the meeting at 1:43 p.m.



Received and approved by ~~Rudy Rodriguez~~ David Tharp
~~Board President~~ Secretary / Treasurer
Kairos Health Arizona, Inc.