

KAIROS HEALTH ARIZONA, INC.

Minutes of the Annual Meeting of the Board of Directors November 12, 2020

An annual meeting of the board of directors for Kairos Health Arizona, Inc., was held on November 12, 2020, at 333 East Osborn Road, Suite 100, Phoenix, AZ 85012.

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

Members absent: None

Staff present: John Ashton: Ashton Tiffany, LLC
Mike Tiffany: Ashton Tiffany, LLC
Jennifer Darnall: Ashton Tiffany, LLC
Tanya Edwards: 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
Christine Marler: Ashton Tiffany, LLC
Jenna Arico: Ashton Tiffany, LLC
Denise Walsh: Ashton Tiffany, LLC
Peter Gregory: Ashton Tiffany, LLC
Sarah Virgil: Ashton Tiffany, LLC
Klaudia Gyder: Ashton Tiffany, LLC
Stephanie Yingling: Ashton Tiffany, LLC
Tom Palmer: Claremont Capital Management, LLC
Patrick Kohlen: Claremont Capital Management, LLC
Washington Coven: BCBSAZ
Tom Marreel: MSI
Scott Iwanowski: MSI
Chris Welker: Wright Welker & Pauole

A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 12:08 p.m.

KAIROS HEALTH ARIZONA, INC.

Minutes of the Annual Meeting of the Board of Directors November 12, 2020

2. Welcome visitors

Randy King: Healthcare Horizons
Matt Waller: Henry+Horne
Jared Moen: UnitedHealthcare
Jeffrey Akers: UnitedHealthcare
Heather Kane: UnitedHealthcare
Dee Ostrowicki: Chandler Unified School District
Laura Cronk: Town of Payson
Patrick Dittman: National Health Network Services and Valley Schools

B. General Business

1. A motion was made to approve the board agenda for November 12, 2020.

Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously

2. A motion was made to approve the regular minutes from August 26, 2020.

Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously

3. A motion was made to approve the regular minutes from October 22, 2020.

David Tharp, moved
Sandy Cooper, seconded
Motion passed unanimously

4. Management report

The following items were discussed in the management report:

- prescription formulary changes and notices;
- Vimly implementation update;
- Medicare Part D notices; and
- future meeting schedule.

KAIROS HEALTH ARIZONA, INC.

Minutes of the Annual Meeting of the Board of Directors November 12, 2020

5. Financial report

Jeremy Larson presented the management dashboard for the period ending September 30, 2020. Year-to-date net operating revenues were \$28,236,307. Operating expenses and other income totaled \$25,696,135. Total net income for self-funded members was \$1,260,148, and \$1,389,548 for the shared risk pool.

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

C. New Business

1. Discussion of medical claims audit

Randy King from Healthcare Horizons presented the medical claims audit report for the period from July 2019–June 2020. The audit included a comprehensive electronic review of the claims process in order to: (1) identify claim errors resulting from incorrect payments; and (2) assess potential underlying conditions contributing to the identified errors.

Audit findings included an agreed-upon recovery amount of \$119,863.19, as well as an additional \$116,819.94 in disputed findings from the sample claims, primarily due to DRG readmissions and the out-of-network allowed amount. A copy of the Blue Cross Blue Shield of Arizona response to the report was also provided for reference.

2. Discussion and approval of Kairos actuarial study for the period ending June 30, 2020

Jeremy Larson presented the October 1, 2020 Willis Towers Watson (WTW) summary report of the estimated incurred but not reported (IBNR) claim calculation as of June 30, 2020. The total estimated IBNR for shared risk and self-funded members for the period ending June 30, 2020 was \$10,586,000. WTW also projected the IBNR reserve as of June 30, 2021, totaling \$11,381,000.

A motion was made to approve the Kairos actuarial study for the period ending June 30, 2020.

Sandy Cooper, moved
David Tharp, seconded
Motion passed unanimously

KAIROS HEALTH ARIZONA, INC.

Minutes of the Annual Meeting of the Board of Directors November 12, 2020

3. Discussion and approval of Kairos audited financial statements and independent auditor's report for the period ending June 30, 2020

Matt Waller from Henry+Horne presented the independent auditor's report for Kairos for the year ended June 30, 2020. He noted the major highlights of the report, which included:

- \$38.3 million in total assets,
- a \$3.9 million net position,
- \$102.1 million in total revenues, and
- a \$4.1 million decrease in net position due to higher losses.

Mr. Waller stated that the pool received an unqualified opinion, and that financial statements presented fairly, in all material respects, the financial position of Kairos Health Arizona, Inc., as of June 30, 2020.

Mr. Ashton offered to have Ashton Tiffany staff leave the meeting if the board desired to discuss any of the audit findings directly with the auditors. The board declined.

A motion was made to approve the Kairos audited financial statements and independent auditor's report for the year ending June 30, 2020.

Shannon Crosier, moved
Chris Knutsen, seconded
Motion passed unanimously

4. Discussion and approval of Kairos independent auditor's report on application of agreed-upon procedures for the period ending June 30, 2020

Matt Waller presented the additional assurance audit report, based on agreed-upon procedures for the year ended June 30, 2020, as prepared by Henry+Horne. The report specifically addressed:

- pool disbursements,
- reimbursement activity for board members,
- payments made to Ashton Tiffany, and
- reconciliation of self-funded members' accounts.

KAIROS HEALTH ARIZONA, INC.

Minutes of the Annual Meeting of the Board of Directors November 12, 2020

Mr. Waller advised that the items selected for review were standard, based on the nature of pool operations. No issues were found.

A motion was made to approve the Kairos additional assurance audit report for the period ending June 30, 2020.

Shannon Crosier, moved
Chris Knutsen, seconded
Motion passed unanimously

5. Discussion and approval of network and claims administrator

Tanya Edwards presented the proposed change in network and claims administrator for July 1, 2021. With Kairos in its fourth year, it is good pool stewardship to reevaluate the market for a network and claims administrator—one who would be both mission-aligned and service-oriented.

Staff conducted a carrier assessment that involved a questionnaire comprised of 129 requirements in 6 categories. The questionnaire was sent to 16 firms. Invitations were sent to 4 firms to present proposals.

Of the four proposals, UMR/UHC was identified as the most attractive, clearly exceeding the offerings of the incumbent. Ms. Edwards discussed the highlights of this recommended change—including 24/7 coverage and improved claims management programs. UMR/UHC attended the meeting to provide a high-level program overview.

After much discussion, staff and the board thanked BCBSAZ for their service to date. Washington Covena, BCBSAZ account executive, was in attendance and assured others in attendance of his commitment to making the transition as smooth as possible.

A motion was made to approve the change in Kairos's network from Blue Cross Blue Shield of Arizona to UnitedHealthcare, with UMR as the claims administrator, effective July 1, 2021.

Michael Wright, moved
Chris Knutsen, seconded
Motion passed unanimously

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Annual Meeting of the Board of Directors
November 12, 2020**

6. Discussion and approval of Ashton Tiffany records retention policy

Ms. Edwards presented the records retention policy, a version of which had been in place since the pool's inception. Staff worked with legal counsel to reassess retentions for various records and documents and recommended that the board adopt the policy.

A motion was made to approve the Ashton Tiffany records retention policy

David Tharp, moved
Sandy Cooper, seconded
Motion passed unanimously

7. Discussion and ratification of assignment change for Marreel Slater Insurance

Ms. Edwards reported that Kairos benefits consultant Marreel Slater Insurance, LLC (MSI), sold its assets to Patriot Growth Insurance Services, LLC (Patriot), effective September 1, 2020. A contract assignment letter was signed on August 27, 2020, and staff was requesting board ratification of this change.

A motion was made to ratify the contract assignment to Patriot.

Chris Knutsen, moved
Shannon Crosier, seconded
Motion passed unanimously

8. Discussion and approval of AGRiP recognition award application

Ms. Edwards presented the AGRiP recognition award application, which staff was preparing to submit on behalf of Kairos. The application process allows a pool to conduct a self-assessment of its policies, governing documents, agreements, and procedures in order to demonstrate that the pool is operationally sound.

A motion was made to approve the AGRiP recognition award application, along with the \$750 review fee.

Sandy Cooper, moved
David Tharp, seconded
Motion passed unanimously

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Annual Meeting of the Board of Directors
November 12, 2020**

9. Discussion and approval of officers: president, vice president, and secretary/treasurer.

Tanya Edwards presented the current officers:

- president: Rudy Rodriguez,
- vice president: Sandy Cooper, and
- secretary/treasurer: David Tharp.

The board discussed the annual appointments for the position of president, vice president, and secretary/treasurer, and re-elected the existing officers.

Chris Knutsen, moved
Michael Wright, seconded
Motion passed unanimously

D. Open Session

E. Adjournment

Rudy Rodriguez adjourned the meeting at 2:30 p.m.

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