

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Annual Meeting of the Board of Directors
November 6, 2019**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on November 6, 2019, at 333 East Osborn Road, Suite 100, Phoenix, AZ 85012.

Members present: Sandy Cooper
Chris Knutsen
Rudy Rodriguez
David Tharp: (joined telephonically, beginning with the financial report)
Dr. Michael L. Wright

Members absent: Lana Berry
Jeffrey Gadd

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
Divi Matuszewski: Ashton Tiffany, LLC
Angie Stoudemire: Ashton Tiffany, LLC
Tom Palmer: Claremont Capital Management, LLC
Patrick Kohen: Claremont Capital Management, LLC
Michael Groeger: BCBSAZ
Jeff Moore: BCBSAZ
Bob Jusell: BCBSAZ
Washington Coven: BCBSAZ
Tom Marreel: MSI
Scott Iwanowski: MSI
Chris Welker: Wright Welker & Paule

A. Opening of the Meeting

1. Call to order

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

2. Welcome visitors

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Randy King: Healthcare Horizons, telephonic
Matt Waller: Henry+Horne
Rebecca Gaffey: MaxorPlus
Sid Benavidez: MaxorPlus
Kathy Martin: The Virtuous Group
Jessica Dominguez: The Virtuous Group

B. General Business

1. A motion was made to approve the agenda for November 6, 2019.

Sandy Cooper, moved
Chris Knutsen, seconded
Motion passed unanimously

2. A motion was made to approve the regular minutes from August 28, 2019.

Sandy Cooper, moved
Chris Knutsen, seconded
Motion passed unanimously

3. Claims report

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

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 2018–June 2019. 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 \$72,367.39, as well as an additional \$57,962.28 in disputed findings from the sample claims, primarily due to potentially abusive billed charges from out-of-network providers. A copy of the Blue Cross Blue Shield of Arizona response to the report was also provided for reference.

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2. Discussion and approval of Kairos actuarial study for the period ending June 30, 2019

Jeremy Larson presented the October 11, 2019 Willis Towers Watson (WTW) summary report of the estimated incurred but not reported (IBNR) claim calculation as of June 30, 2019. The total estimated IBNR for shared risk and self-funded members for the period ending June 30, 2019, was \$9,122,000. WTW also projected the IBNR reserve as of June 30, 2020, to total \$11,792,000.

A motion was made to approve the Kairos actuarial study for the period ending June 30, 2019.

Dr. Michael L. Wright, moved
Sandy Cooper, seconded
Motion passed unanimously

3. Discussion and approval of Kairos audited financial statements and independent auditor's report for the period ending June 30, 2019

Matt Waller from Henry+Horne presented the independent auditor's report for Kairos for the year ended June 30, 2019. He noted the major highlights of the report, which included:

- \$36.4 million in total assets,
- an \$8.0 million net position,
- \$83.1 million in total revenues, and
- a \$568,000 decrease in net position due to operations.

Mr. Waller stated that the pool received an opinion free from qualifications, and that financial statements presented fairly, in all material respects, the financial position of Kairos Health Arizona, Inc., as of June 30, 2019.

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, 2019.

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Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously

4. Discussion and approval of Kairos independent auditor's report on applying agreed-upon procedures for the period ending June 30, 2019

Matt Waller presented the additional assurance audit report, based on agreed-upon procedures for the year ended June 30, 2019, 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.

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

A motion was made to approve the Kairos additional assurance audit report for the period ending June 30, 2019.

Sandy Cooper, moved
Chris Knutsen, seconded
Motion passed unanimously

5. Discussion and approval of data warehouse and analytics platform

Tanya Edwards provided an overview of the recommended data warehouse and reporting analytics platform. She advised that staff conducted an analysis of several platforms during the period from May–October and recommended proceeding with Deerwalk based on system capabilities discussed with the board.

She noted that the projected annual cost of the program, including reporting analytics, was approximately \$131,000. However, the per employee per month fee was expected to decrease with membership growth.

A motion was made to approve the contract with Deerwalk for the Kairos data warehouse and reporting analytics platform.

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Chris Knutsen, moved
Dr. Michael L. Wright, seconded
Motion passed unanimously

6. Discussion of pharmacy plan performance and future program considerations

Rebecca Gaffey and Sid Benavidez from MaxorPlus presented the Kairos plan performance report and future program considerations. The report contained plan experience data paid through September 30, 2019, as follows:

- Total plan cost, including specialty, was \$3,967,122.
- Average membership per month was 20,451.
- There was a total of 37,582 paid claims, 534 of those being specialty.
- Specialty plan cost was \$1,871,536, or 47.18% of the total plan cost.

Ms. Gaffey and Mr. Benavidez provided a brief overview of the clinical programs included during the initial implementation. They then discussed future program considerations, including expanding utilization of myMaxorLink and copay maximization strategies.

7. Discussion and approval of 2020/2021 plan design benefit offerings

Tanya Edwards presented the 2020/2021 program options for consideration by the board. The board discussed the various options and requested that staff move forward with implementing the following changes:

- Item 1: 2020 HSA contribution limit increase;
- Item 3: transplant coverage only when performed at a Blue Distinction Facility;
- Item 4: gene therapy and travel/lodging coverage when performed at a Blue Distinction Facility;
- Item 5: increase in nutritional counseling for diabetes;
- Item 6: federal changes to preventive services and medications;
- Item 7: pharmacy benefit copay maximization program;
- Item 8: pharmacy benefit true out-of-pocket accumulation;
- Item 9: vision frame allowance increase to \$180; and
- Item 10: automatic approval of child life insurance benefit.

A motion was made to approve the above-listed 2020/2021 program changes.

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Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously

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

Tracy Foss 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 elected to re-appoint the existing officers.

Dr. Michael L. Wright, moved
Chris Knutsen, seconded
Motion passed unanimously

B. General Business (Continued)

1. Financial report

Jeremy Larson distributed and then presented the management dashboard for the period ending September 30, 2019. Year-to-date net operating revenues were \$24,914,623, and total operating expenses were \$23,961,971. Total net income for the self-insured members was \$1,280,941. Total net loss for the shared risk pool was \$247,212.

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

2. Management report

The following items were discussed in the management report:

- annual report,
- member outreach
- upcoming events, and

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- future meeting schedule.

D. Executive Session

A motion was made to enter executive session at 2:52 p.m.

Dr. Michael L. Wright, moved
Chris Knutsen, seconded
Motion passed unanimously

A motion was made to exit executive session at 3:23 p.m.

Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously


E. Open Session

1. A motion was made to approve the minutes of the August 28, 2019 executive session.

Chris Knutsen, moved
Sandy Cooper, seconded
Motion passed unanimously

F. Adjournment

Rudy Rodriguez adjourned the meeting at 3:24 p.m.



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