

KAIROS HEALTH ARIZONA, INC.

**Minutes of the Meeting of the Board of Directors
June 14, 2018**

A meeting of the board of directors of Kairos Health Arizona, Inc., was held on June 14, 2018 at 150 South 6th Street, Cottonwood, AZ 86326.

Members present: Lana Berry
Sandy Cooper
Rudy Rodriguez
David Tharp
David Lykins

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
Lori Jundt: Ashton Tiffany, LLC
Jeremy Larson: Ashton Tiffany, LLC
Tara Zika: Ashton Tiffany, LLC
Hannah Olson: Ashton Tiffany, LLC
Tom Marreel: MSI
Terri O'Brien: MSI
Scott Iwanowski: MSI
Patrick Kohlen: Claremont Capital Management, LLC
Tom Palmer: Claremont Capital Management, LLC
Tracey Lyons: Blue Cross Blue Shield of Arizona
Tom Mandrola: Blue Cross Blue Shield of Arizona

A. Opening of the Meeting

1. Call to order

Rudy Rodriguez called the meeting to order at 11:13 a.m.

2. Welcome visitors

Robert Werner: Onsager, Werner and Oberg, PLC
Richard Faust: City of Cottonwood, Community Services General Manager

B. General Business

1. A motion was made to approve the agenda for June 14, 2018.

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David Lykins, moved
Sandy Cooper, seconded
Motion passed

2. A motion was made to approve the board meeting minutes of April 19, 2018

David Tharp, moved
Sandy Cooper, seconded
Motion passed

3. Management report

The following items were discussed:

- David Lykins retirement effective June 30, 2018;
- Pam Sitton resignation effective July 31, 2018;
- 2018/2019 renewal and onboarding;
- conflict of interest statements;
- business development update;
- educational item on Blue Cross Blue Shield of Arizona reporting tool; and
- future meetings.

4. Financial report

Lori Jundt presented the preliminary financial statements for the period ending April 30, 2018. Total assets were \$30,829,385, consisting primarily of cash and cash equivalents and investments. Total liabilities were \$21,741,009, consisting primarily of claims and IBNR, as well as self-funded member account balances. Net position as of April 30, 2018, excluding self-funded members' net position, was \$9,088,376. The year-to-date increase in Kairos net position was \$1,122,911.

5. Claims report

Tom Marreel presented the claims report through April 30, 2018.

C. New Business

1. Discussion and approval of pharmacy benefit management (PBM) consultant

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John Ashton stated that Kairos currently contracts with two separate pharmacy benefit management companies: CVS and Optum. He noted that for Kairos's third year, staff is recommending a single PBM arrangement for all members and is in the process of exploring options. He further noted that staff would like to engage a PBM consultant to assist with evaluation and analysis of available PBM options. Staff is currently interviewing several PBM consultants.

A motion was made to approve the engagement of a PBM consultant.

David Lykins, moved,
David Tharp, seconded
Motion passed

2. Discussion and approval of 2018/2019 benefit plan and wrap document

Tanya Edwards presented the amended plan benefit change sheet for 2018/2019 and the revised copy of 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.

A motion was made to approve the 2018/2019 benefit plan and wrap document.

David Lykins, moved
Lana Berry, seconded
Motion passed

3. Discussion and approval of agreed-upon procedures audit

Lori Jundt presented a request for approval of an agreed-upon procedures audit. She advised that the additional audit process, through Henry+Horne (independent financial auditors), would expand the review to ensure compliance with internal control procedures and contractual agreements.

A motion was made to approve the agreed-upon procedures audit.

David Lykins, moved
Sandy Cooper, seconded
Motion passed

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4. Discussion and approval of authority matrix

Tracy Foss presented the authority matrix outlining varying authority levels of individuals working on behalf of the pool.

A motion was made to approve the authority matrix.

Sandy Cooper, moved
David Lykins, seconded
Motion passed

5. Discussion and approval of corporate contribution guidelines

Tracy Foss presented the corporate contribution guidelines, addressing the process for considering requests from members and vendor partners seeking financial support for various causes. The board discussed the need for such guidelines and requested that staff provide additional recommendations on maximum contribution thresholds.

No action was taken, and the item was tabled pending further recommendations by staff.

D. Executive Session

A motion was made to enter executive session at 1:23 p.m.

David Tharp, moved
Lana Berry, seconded
Motion passed

Items discussed during executive session included:

1. review of the minutes of the April 19, 2018 executive session; and
2. PLR update.

A motion was made to exit executive session at 2:00 p.m.

Sandy Cooper, moved
David Lykins, seconded
Motion passed

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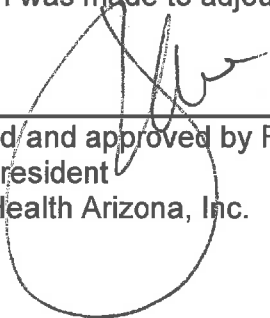
E. Open Session

1. A motion was made to approve the minutes of the April 19, 2018 executive session.

David Tharp, moved
Lana Berry, seconded
Motion passed

F. Adjournment

A motion was made to adjourn the meeting at 2:03 p.m.



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