

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, NOVEMBER 15, 2006 1:00 P.M.

MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order at 1:10 p.m. on Wednesday, November 15, 2006, in the SISC Board Room on the Fifth Floor of the Kern County Superintendent of Schools Office, 1300 17th Street, Bakersfield, California, with the following in attendance:

MEMBERS PRESENT:

Russell Bigler
John Caudle
Nelson Heisey
Doug Miller
Dan Munis
Teri Schallock

ALTERNATES PRESENT:

Richard Graham
Judy Marty
John Stenerson

OTHERS PRESENT:

Wanda Carl
Cindy Sproles
Bonnie Bowles
Catherine Jones
Judy Fussel, Buckman-Mitchell
Joe Anna Reynoso, Buckman-Mitchell
Carolyn Temple, Kern Foundation
Steve Bargeon, Tulare Foundation.
Carmen Gonzales
Jennifer Bennett
Kim Oliver
Tom Valos

CONSENT CALENDAR

Motion was made by Director Caudle, seconded by Director Doug Miller and carried to approve the Consent Calendar as follows:

Minutes. Minutes for the October 2006 Regular Board of Directors Meeting.

Report of Activity for the Month of October 2006 and Ratification of Payment as follows:

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SISC DENTAL CLAIMS	\$ 3,131,897.40	
SISC ASO	\$ 205,765.64	
DENTAL COALITION CLAIMS	\$ 671,086.69	
DENTAL COALITION ASO	\$ 44,093.95	
DELTACARE/PMI PREMIUM	\$ <u>4,787.68</u>	
TOTAL DENTAL		\$ 4,057,631.36
VSP CLAIMS	\$ 661,234.42	
ASO	\$ 84,603.40	
MES CLAIMS	\$ 20,073.17	
ASO	\$ <u>4,249.90</u>	
TOTAL VISION		\$ 770,160.89
PACIFIC CARE BEHAV HLTH	\$ 432,906.28	
CIGNA BEHAVIORAL HEALTH (MCC SELECT)	\$ 18,213.45	
SEC HOR PREM (PACIFICARE)	\$ 8,778.13	
SENIOR ADVANTAGE PREM (KAISER)	\$ 24,478.00	
SENIORITY PLUS PREM (HEALTHNET)	\$ 86,624.33	
BLUE SHIELD HMO PREM	\$ 1,611,696.27	
BLUE SHIELD FULLY INSURED PPO	\$ 97,919.61	
HEALTH NET PREMIUM	\$ 761,184.41	
CAL CARE PREMIUM	\$ 851,193.79	
KAISER PREMIUM	\$ 2,292,856.81	
PACIFIC CARE PREM	\$ 18,285.07	
PACIFIC UNION DENTAL PREMIUM	\$ 2,179.51	
UNITED HEALTHCARE (LIFE INS)	\$ 129,785.72	
NAT'L BENEFIT RESOURCES (STOP LOSS)	\$ 76,233.54	
BLUE CROSS HEALTH CLAIMS	\$33,749,069.78	
BLUE SHIELD HEALTH CLAIMS	\$ 1,393,377.01	
BEHAVIORAL HEALTH CLAIMS	\$ 344,432.92	
ITS CLAIMS	\$ 1,410,564.15	
COMPANION CARE CLAIMS	\$ 114,578.81	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$ 37,012,022.67
BLUE CROSS NETWORK ASO	\$ 1,000,476.92	
FOUNDATION ADJUDICATION ASO	\$ 503,336.96	
BLUE SHIELD ASO	\$ 92,634.38	
BEHAVIORAL HEALTH ASO	\$ 141,199.19	
ITS ASO	\$ 110,675.27	
COMPANION CARE ASO	\$ 26,832.71	
TOTAL BLUE CROSS AND BLUE SHIELD ADMIN.		\$ 1,875,155.43
TOTAL BLUE CROSS AND BLUE SHIELD		\$ 38,887,178.40

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MERCK CLAIMS	\$ 9,259,694.04	
ASO – COPAY	\$ 310,704.03	
CLAIMS - DISCOUNT CARDS	\$ 73,438.99	
ASO DISCOUNT CARD	\$ 3,654.00	
CLAIMS - MEDICARE PART D	\$ 22,216.54	
ASO - MEDICARE PART D	\$ 7,688.50	
AHC CLAIMS	\$ 740,466.94	
AHC – ASO	\$ 37,235.00	
TOTAL RX CLAIMS		\$ 10,455,098.04
TOTAL BC, BSC and Rx		\$ 49,342,276.14

PUBLIC COMMENT

ACTION ITEMS

Financial Report. Cindy Sproles reviewed with the Board the Financial Report for the period ending October 31, 2006. She advised the Board that the last quarter rate for Kern County was 4.68%; the LAIF rate was 4.93%. After discussion, motion was made by Director Doug Miller, seconded by Director Heisey and carried approving the Financial Report as presented.

INFORMATION AND DISCUSSION ITEMS

Monthly Blue Cross/SISC PPO Trend Factor for October 2006. John Stenerson reviewed the Blue Cross/SISC PPO monthly trend factor for the month of October 2006 will be shown at the meeting.

Update the Board on SISC'S GASB 45 Program. Cindy Sproles advised the Board that SISC received a favorable ruling from the IRS regarding our Private Letter Ruling; 43 districts have requested an enrollment packet, 7 presentations have been made to interested districts, additional presentations are scheduled in November and December, El Segundo School District is interested in our plan and had a presentation scheduled, but had to cancel and will reschedule at a later date, three agencies have passed a Board Resolution to Adopt the SISC GASB-45 Trust (Inyo County Office of Education, Kern High School District and Kings River Union Elementary, Tulare COE is recommending the SISC GASB-45 Trust at their December 6 meeting, our first contribution of funds into the Trust was received November 9, 2006 (Inyo COE), and additional funds re expected in November from Kern High School District.

Show the Board a Newspaper Article on Employers Auditing Health Plans for Ineligible Dependents. Director Bigler advised that this is something we might want to implement or have districts implement.

Show the Board A Newspaper Article On What the Two Candidates For Governor Are Saying About Health Care. Director Bigler pointed out the article mentions that health care reform will be a major issue in California next year no matter who is elected.

Show the Board An E-Mail From The Sacramento Bee on Americans' View on Health Care. Director Bigler reviewed with the Board the article and the fact that the following list appears in the public's perceptions but that reality actually reverses the list.

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- Excess Profits Of Drug Companies And Insurance Companies
- Medical Malpractice Lawsuits
- Fraud And Waste
- Overpaid Doctors
- Administrative Costs
- Unnecessary Treatments
- Unhealthy Lifestyles
- Expensive New Treatments
- The Aging Population
- Better Medical Care

Show the Board An Article Discussing How First Data Bank Plays a Powerful Role in Determining What Americans Pay for Prescription Drugs. Director Bigler reviewed the attached article which shows how the publication of lists of drug prices sway billions in drug spending..

Show the Board An Article from Business Insurance Concerning Consumer Driven Health Plans, CDHP. Director Bigler advised that Consumer Driven Health Care, CDHP, continues to gain in popularity as the way employers are providing health care for their employees.

Inform the Board About a Situation That Recently Occurred Regarding a Box of Membership Information for 62 SISC Member Districts. John Stenerson advised the Board that a situation had recently occurred regarding a box of membership information for 62 California school districts that are part of SISC. The United Parcel Service notified the mailroom at Blue Cross that it had an empty box addressed to the Foundation of Medical Care of Kern County in Bakersfield. Blue Cross is going to notify impacted members and providers and offer free credit monitoring for one year for members affected by this incident.

Subsidies. John Stenerson mentioned that SISC received its first Prescription Drug Plan (PDP) subsidy check from CMS through Medco for October 2006 CompanionCare members. It totaled almost \$80,000. Through our PDP program, all CompanionCare members were enrolled in Medicare Part D. We enhanced the standard Medicare D benefit substantially for these members. The SISC PDP has no deductible, no doughnut hole and few restrictions for coverage. It is meant to mirror the coverage for active employees with a simple two-tier copay.

Since the \$80,000 was for one month and retirees continue to be added to this plan, the annual PDP subsidy for CompanionCare members should total almost \$1,000,000. All of this PDP subsidy has been applied to lower the rates for these members. This amounts to an average of over \$700 a year that these retirees save in premiums compared to what they would have paid had we not implemented the PDP program.

Director Heisey asked about the Employer Primary subsidy. John mentioned that the Employer Primary subsidy is separate and different from the PDP. He mentioned that we assisted several member districts in the application process with CMS for the Employer Primary subsidy. The Employer Primary subsidy allows districts to receive a subsidy from CMS for 28% of the claims paid for certain retirees. In order to qualify, a district has to pay a significant portion of the premium costs for retirees over age 65.

An actuary determines whether or not a district qualifies for this subsidy. A district is not allowed to receive subsidy for any retiree who has enrolled in a Medicare D plan. Since this subsidy is based on an employer paying a significant amount towards the benefits, this subsidy goes back to the school district. This subsidy is based on actual claims dollars for a plan year and is only paid once after the end of the plan year. We have districts that started January 1, 2006 and had a short year that ended October 1, 2006. The amount of money owed these districts is currently being determined.

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Comments From the Board of Directors. Director Schallock pointed out that the list provided by did not match the number of accounts affected and asked how many were actually involved. John Stenerson advised that the actual number is 62, not the original estimate of 23.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Caudle seconded by Director Munis and carried adjourning the meeting at 1:40 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, December 20, 2006**, at 1:00 p.m. in the SISC Board Room on the Fifth Floor of the Kern County Superintendent of Schools Office, 1300 17th Street, Bakersfield, California.

DOUG MILLER, Secretary