

# SISC III

## HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, FEBRUARY 21, 2007 1:00 P.M.

### MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order at 1:05 p.m. on Wednesday, February 21, 2007, 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  
Karen Cox  
Dennis Franey  
Doug Miller  
Russell Miller  
Teri Schallock

**ALTERNATES PRESENT:**

Dean Bentley  
Richard Graham  
Judy Marty  
John Stenerson

**OTHERS PRESENT:**

Cherie Payne  
Cindy Sproles  
Bonnie Bowles  
Jennifer Bennett  
Judy Fussell – Buchman Mitchell  
Carolyn Temple  
Bryce Canfield - Keenan  
Dan Bly – Delta Dental  
Holly Vonderhaar – Kaiser  
Bill Voss  
Tom Valos

**CONSENT CALENDAR**

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

**Minutes.** Minutes for the January 2007 Regular Board of Directors Meeting.

**Report of Activity for the Month of January 2007 and Ratification of Payment as follows:**

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DELTA DENTAL	Claims	\$ 5,033,255.21	
SISC ASO		330,684.85	
DENTAL COALITION	Claims	1,052,294.92	
DENTAL COALITION ASO		69,135.76	
DELTA CARE/PMI PREMIUM		<u>3,903.00</u>	
TOTAL			\$6,489,273.74
VISION SERVICE	Claims	\$ 1,200,182.92	
ASO		84,697.74	
MES CLAIMS –		\$ 39,587.17	
ASO –		4,362.00	
TOTAL			\$ 1,328,829.83
PACIFICARE/BEHAV HEALTH		\$ 434,029.26	
CIGNA BEHAV. HEALTH ( MCC SELECT)		\$ 18,435.11	
SECURE HORIZONS PREM (PACIFICARE)		\$ 9,456.14	
SENIOR ADVANTAGE PREM (KAISER)		\$ 29,105.00	
SENIORITY PLUS PREM (HEALTHNET)		\$ 77,246.00	
BLUE SHIELD HMO PREMIUM		\$ 1,763,794.17	
BLUE SHIELD FULLY INSURED PPO		\$ 86,804.54	
HEALTH NET PREMIUM		\$ 963,610.86	
CALIFORNIA CARE PREMIUM		\$ 835,316.74	
KAISER PREMIUM		\$ 2,379,324.53	
PACIFICARE PREMIUM		\$ 22,860.24	
PACIFIC UNION DENTAL PREMIUM		\$ 2,036.92	
LIFE – UNITED HEALTH		\$ 131,712.97	
NAT'L BENEFIT RESOURCES. (STOP LOSS)		\$ 81,674.19	
BLUE CROSS HEALTH CLAIMS		\$ 36,375,712.78	
BLUE SHIELD HEALTH CLAIMS		\$ 1,798,059.62	
BEHAVIORAL HEALTH CLAIMS		\$ 226,858.35	
ITS CLAIMS		\$ 1,019,657.55	
COMPANION CARE CLAIMS		\$ 180,027.90	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS			\$39,600,316.20

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BLUE CROSS NETWORK ASO	\$ 1,023,749.58	
FOUNDATION ADJUDICATION ASO	\$ 514,992.91	
BLUE SHIELD ASO	\$ 107,758.72	
BEHAVIORAL HEALTH ASO	\$ 139,580.47	
ITS ASO	\$ 72,702.50	
COMPANION CARE ASO	\$ 26,689.00	
TOTAL BLUE CROSS AND BLUE SHIELD ADMIN.		\$ 1,885,473.18
TOTAL BLUE CROSS AND BLUE SHIELD		\$41,485,789.38
MERCK CLAIMS	\$ 8,410,352.49	
ASO-COPAY	\$ 331,174.81	
CLAIMS - DISCOUNT CARD	\$ 81,196.49	
ASO - DISCOUNT CARD	\$ 4,825.31	
CLAIMS – MEDICARE PART D	\$ 270,122.09	
ASO – MEDICARE PART D	\$ 7,256.60	
AHC CLAIMS DEC 16-31 AND JAN 1-15	\$ 1,745,732.95	
AHC ASO DEC 16-31 AND JAN 1-15	\$ 93,485.00	
TOTAL RX CLAIMS		\$ 10,944,145.74
TOTAL BC, BSC AND RX		\$52,429,935.12

**PUBLIC COMMENT**

**ACTION ITEMS**

**Financial Report.** Cindy Sproles reviewed with the Board the Financial Report for the period ending January, 2007. She advised the Board that the LAIF rate is at 5.16%. The Investment Summary Report for the period October 1, 2006 through December 31, 2006 was presented as well. She advised the Board that we are continuing to monitor a stock rated Triple B+. After discussion, motion was made by Director Cox, seconded by Director Miller and carried approving the Financial Report as presented.

**Independent Financial Audit.** Cindy discussed the results of the 2005-2006 Independent Financial Audit with the Board. Cindy reviewed with the Board the potential for fraud in the areas of Revenue Recognition and Management Override, and went over steps that SISC III has in place to make sure that fraud does not take place. After discussion, motion was made by Director Caudle, seconded by Director Bentley and carried approving the Independent Financial Audit as presented.

**INFORMATION AND DISCUSSION ITEMS**

**Show the Monthly SISC PPO Claims History Through January 2007.** John Stenerson reviewed the claims history with the Board and discussed our year over year change of 4.9%. John discussed that the number of contracts jumped by 3,000 due to the addition of the County of Tulare. John notified the Board that Blue Cross is projecting a 12% trend factor for the upcoming year, although this might not be representative of our trend.

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**Discuss an Article in the Sacramento Bee on the State's Health Plan.** Director Bigler discussed with the Board this article published in the Sacramento Bee discussing an Employer Mandate Ruling that may snag a state health plan. A 4<sup>th</sup> District Court of Appeals recently ruled that Maryland's play or pay health insurance law violates a federal law governing employers' group health plans. Many California employers agree, and contend that Governor Schwarzenegger's version of the employer mandate would violate ERISA, enacted in 1974. The Governor states that the 4% payroll levy he proposes is not a tax and therefore is not subject to a two-thirds legislative vote, but critics disagree. Some critics feel that the 4% is too low, and would encourage employers to pull health insurance altogether, and pay the 4% levy instead. Director Bigler informed the Board that the Governor is saying that if the employer is paying 4% or more of it's payroll towards Health Insurance, than the meet the requirements, even if they have part-time employees not participating.

**Update the Board on Phia Recoveries.** Director Bigler discussed the Phia recovery numbers for the last 6 months. The last 6 months spent with Blue Cross, \$73,101.00 was recovered, during the 3<sup>rd</sup> and 4<sup>th</sup> quarters with Phia, over \$500,000.00 has been recovered.

**Update the Board on the Loss of PHI by Blue Cross.** Director Bigler reminded the Board of the PHI situation arising from a lost box of information being sent by Blue Cross to the Foundation through UPS that was discussed at the November 2006 & January 2007 Board Meetings. Director Bigler discussed with the Board a letter that Blue Cross sent to us dated January 19, 2007. The letter notifies us of the results of the UPS internal investigation, and the changes that Blue Cross intends to make to prevent this situation from happening in the future.

**Comments From the Board of Directors.** Director Bigler reminded the Board that the Board Meeting in March will take place on the 4<sup>th</sup> Wednesday, instead of the 3<sup>rd</sup> Wednesday as normal, due to conferences being held. Reminders will go out to all Board members in the middle of March.

**ADJOURNMENT**

There being no further business to come before the Board, motion was made by Director Doug Miller, seconded by Director Russell Miller and carried adjourning the meeting at 1:45 p.m.

**NEXT MEETING**

The next meeting of the Board of Directors will be held **Wednesday, March 28, 2007**, at 1:00 p.m. in the SISC Board Room on the Fifth Floor of the Kern County Superintendent of Schools Office, 1300 17<sup>th</sup> Street, Bakersfield, California.

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DOUG MILLER, Secretary