

SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 21, 2010
1:00 P.M.

MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order at 1:03 p.m. on Wednesday, April 21, 2010, in the SISC Board Room on the 1st 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
Eva Chavez
Karen Cox
Brian Hawkins
Kip Hearron
Steve McClain
Dan Munis
Gary Pickavet
Ernie Unruh

ALTERNATES PRESENT:

Judy Marty
Tom Valos

OTHERS PRESENT:

Cherie Payne
Cindy Mattern
John Stenerson
Jennifer Bennett
Megan Hanson
Yolanda Villarreal
Judy Fussel – Buckman-Mitchell
JoeAnna Miller – Buckman-Mitchell
Fred Bayles – Wells Fargo Advisors
Rich Edwards – Merrill Lynch
Dan Bly – Delta Dental
Carolyn Temple – Foundation for Med. Care
Robert Hunter
Alex Brum
Raquel Acebedo
Kim Lyon
Lauri Phillips
Ken Gragg
Steve Mattern
Melanie Goldsmith – Blue Shield
Kelly Cooper – Burnham Benefits
***See Attached Sign-In Sheet**

CONSENT CALENDAR

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

Minutes. Minutes for the March 2010 Regular Board of Directors Meeting.

Report of Activity for the Month of March 2010 and Ratification of Payment as follows:

DELTA DENTAL CLAIMS	6,429,539.79	
DELTA DENTAL ASO	421,777.69	
TOTAL DENTAL		\$6,851,317.48
VISION SERVICE CLAIMS	903,498.94	
MES CLAIMS	81,150.05	
VSP ASO	86,597.00	
MES ASO	11,804.22	
TOTAL VISION	11,756.12	\$1,083,050.21
ANTHEM BLUE CROSS HEALTH CLAIMS	48,417,379.55	
BLUE SHIELD HEALTH CLAIMS	7,431,022.89	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	319,986.42	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	318,114.20	
MEDCO DISCOUNT CARD CLAIMS	60,647.21	
TOTAL HEALTH CLAIMS	56,547,150.27	
ANTHEM BLUE CROSS ASO	1,512,462.93	
BLUE SHIELD ASO	164,024.90	
ANTHEM BC BEHAVIORAL HEALTH ASO	169,870.11	
ANTHEM BC COMPANION CARE RETIREE ASO	45,619.00	
FOUNDATION CLMS PROCESSING ASO	564,076.15	
MEDCO DISCOUNT CARD ASO	1,829.26	
TOTAL HEALTH ASO	2,457,882.35	
TOTAL HEALTH		59,005,032.62
MEDCO CLAIMS	12,823,319.58	
AMERICAN HEALTH CARE CLAIMS	2,314,177.18	
MEDCO ASO	366,261.20	
AMERICAN HEALTH CARE ASO	75,161.90	
TOTAL RX		15,578,919.86
INSURED PRODUCTS		
ANTHEM BC HMO CLAIMS	1,380,672.33	
ANTHEM BC HMO ADMIN FEE	613,523.55	
BLUE SHIELD HMO CLAIMS	1,577,153.61	
BLUE SHIELD HMO ADMIN FEE	173,370.59	
AETNA HMO	1,253,734.23	
HEALTH NET HMO	342,755.60	
KAISER HMO	2,864,878.52	
PACIFICARE BEHAVIORAL HEALTH	508,298.80	
CIGNA BEHAVIORAL HEALTH	15,971.40	
UNITED HEALTH CARE DENTAL	868.92	
DELTACARE/PMI DENTAL	3,608.22	
KASIER SENIOR ADVANTAGE RETIREE PLAN	51,671.50	
HEALTH NET SENIORITY PLUS RETIREE PLAN	49,370.00	
AETNA INSURED PPO	65,986.01	

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BLUE SHIELD INSURED PPO	0.00	
HEALTH NET INSURED PPO	0.00	
MUTUAL OF OMAHA LIFE	127,277.88	
ZURICH LIFE	12,733.00	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$9,041,874.16
SISC FLEX CLAIMS	204,204.72	
STOP LOSS - VISTA UNDERWRITING PARTNERS	0.00	
WELLNESS	589,697.00	
ALL OTHER	395,365.33	
TOTAL SISC III PAYMENTS		\$92,749,461.38

PUBLIC COMMENT

Director Bigler reviewed SISC's Policy Number 2000.1 which discusses the guidelines for public participation at Board Meetings. Director Bigler let the members in attendance know they could address the Board regarding items on the agenda as those items are discussed and the public comment section is for the discussion of items not on the agenda. Director Bigler asked if anyone in attendance would like to address the Board on any topic not listed on the agenda, hearing no response Director Bigler proceeded with the meeting.

ACTION ITEMS

Financial Report. Director Bigler asked if anyone in attendance would like to address the Board about the Financial Report, hearing none Director Bigler asked Ms. Mattern to proceed. Cindy Mattern reviewed with the Board the Financial Report for the period ending March 31, 2010, letting the Board know that we expected to burn \$10 million in reserves, however, it's clear we will be using a greater amount than expected. Cindy let the Board know that longer term investments would be reported at the May meeting. Cindy reviewed the Revolving Fund Expenditures for Oct. 2009 – March 2010 of \$434.66. After discussion, motion was made by Director Caudle seconded by Director Unruh and carried approving the Financial Report as presented.

Request Approval to go to the "Pay as Billed" Process. Director Bigler asked if anyone in attendance would like to address the Board about the "Pay as Billed" Process, hearing none Director Bigler reviewed for the Board the background on this topic. Russ mentioned that after our discussion at the last meeting it appeared that everyone was comfortable moving forward with this, and asked to take a vote. After discussion, motion was made by Director Cox, seconded by Director Hearron and carried approving the "Pay as Billed" process effective July 1, 2010.

INFORMATION AND DISCUSSION ITEMS

Monthly SISC PPO Claims History Through March 2010. Director Bigler asked if anyone in attendance would like to address the Board about the Monthly SISC PPO Claims History, hearing none Director Bigler asked Mr. Stenerson to proceed. John Stenerson reviewed with the Board the SISC PPO claims history through March 2010. John let the Board know the Claims Cost per Contract for March is the highest we have ever had. John mentioned that although the 10.1% change from the prior 12 months is not trend, it is a good indicator of trend. John went on to review the Budget to Actual by Month page showing the program \$47,958 in the black for the year, however, John pointed out that our budget called for us to be up \$24,228,055 at this point in the year so compared to budget the program is (\$24,180,097). Director Bigler explained that we expect to lose money during the months of August and September due to 10thly districts not paying premium during that time. John discussed several possible scenarios with the Board for how the year would end up financially.

Review the Current Large Claims Summary. Director Bigler asked if anyone in attendance would like to address the Board about the Current Large Claims Summary, hearing none Director Bigler reviewed the list of medical claims exceeding \$100,000 over the last 12 months listed by diagnosis. Director Bigler mentioned that this list represents 20% of the total claims paid, but only represents 0.3% of our membership.

Show the Board Documents of SISC's Presence in the Health & Welfare Insurance Market in California. Director Bigler asked if anyone in attendance would like to address the Board about SISC's Presence in the Health & Welfare Insurance Market in California, hearing none Director Bigler discussed the history of SISC and mentioned that all SISC employees are actually employees of KCSOS. Director Bigler reviewed the renewal history over the past six years and mentioned the last six years averages out to 6.3%. Director Bigler reviewed the map of SISC districts throughout the State and mentioned that SISC interviewed sometime back with an entity interested in putting together one large purchasing pool. That entity was pleased to discover that SISC was already doing business throughout the State of California. Director Bigler also discussed an optional plan available to districts as a way of saving money called the Spouse Overlay Program. Director Bigler stressed this plan was optional and is not a requirement. Director Bigler mentioned that SISC coverage is designed to help us all while keeping rates as stable and low as possible. With that in mind, Director Bigler reviewed several value added services available to members such as the 24/7 Nurse Line, and the Flex Plan.

ACTION ITEMS

Request Approval to Implement Step Therapy for Angiotensin Receptor Blockers (ARB's) Effective May 1, 2010. Director Bigler asked if anyone in attendance would like to address the Board about the Implementation of Step Therapy for ARB's, hearing none Director Bigler asked Mr. Stenerson to proceed. John discussed the background on this topic that was first brought to the Board in February. John reviewed the prior Rx step therapy programs that SISC has put in to place and discussed the annual saving achieved. John mentioned the cost benefit of making this change effective May 1st instead of waiting until October 1st. A question was asked by a member of the public about what happens if the doctor prescribes the medication and Medco denies it. John let everyone know, as in the past programs SISC has implemented, SISC can always review if needed. Director Pickavet mentioned his initial hesitation regarding these programs but has appreciated the step-therapy approach that allows members access to the drugs if medically necessary. After discussion motion was made by Director Pickavet, seconded by Director Caudle and carried approving the implementation of Step Therapy for ARB's effective May 1, 2010.

Request Approval to Require Use of Centers of Medical Excellence for Transplants and Bariatric Procedures Effective October 1, 2010. Director Bigler asked if anyone in attendance would like to address the Board about the required use of Centers of Medical Excellence for transplants and bariatric procedures, hearing none Director Bigler asked Mr. Stenerson to proceed. John discussed transplants and bariatric procedures and the importance of utilizing a Center of Excellence to ensure quality of care. Ensuring that members go to doctors with good track records in these procedures will help decrease the chance of a negative outcome. John reviewed the Centers of Excellence Program and described the benefits. After discussion motion was made by Director Chavez, seconded by Director McClain and carried authorizing the required use of Centers of Excellence for Transplants and Bariatric Procedures effective October 1, 2010.

Request Approval to Add Emergency Room Co-Pays to PPO Plans Effective October 1, 2010. Director Bigler asked if anyone in attendance would like to address the Board about adding emergency room co-pays to PPO Plans, hearing none Director Bigler asked Mr. Stenerson to proceed. John provided a summary to the Board regarding SISC members use of emergency rooms vs. the overall population of Anthem Blue Cross. The study indicates that as many as 21,000 emergency room visits by SISC members could have been handled instead by an Urgent Care Center. John let the Board know that SISC will be providing County Urgent Care listings posted to the website so members are aware of available centers. John discussed the special requirements Urgent Care Centers must meet in order to become Anthem Urgent Centers. John also explained that the deductible would be waived in the event the member is admitted to the hospital. After discussion, motion was made by Director Unruh, seconded by Director Hearn and carried authorizing the addition of Emergency Room Co-Pays on PPO Plans effective October 1, 2010.

Request Approval of the 2010-2011 SISC/PPO Premiums. Director Bigler asked if anyone in attendance would like to address the Board regarding the 2010-2011 SISC/PPO Premiums, hearing none Director Bigler asked Mr. Stenerson to proceed. John discussed the renewal summary by pool reviewing each column to the Board and explaining how the numbers are arrived at. John mentioned that by delaying rate setting one month we were able to use a 10.7% increase on trend, instead of a 12.0%. John explained to the Board that the reserves we have built over many years allowed us to lose a possible \$50 million this year, and not have to make it up right away. John reviewed two scenarios for 2010-2011 premiums with the Board and fully explained each option by pool. A question was asked by a member in attendance regarding payment of dividends vs. the use of reserves and it was addressed by Director Bigler. After discussion, motion was made by Director Picakvet, seconded by Director Caudle and carried authorizing the "Scenario 2" premium structure which plans for the use of reserves for the next five years based on a 10% trend rate.

INFORMATION AND DISCUSSION ITEMS

Discuss the May Board Meeting Workshop. Director Bigler advised the Board that the SISC Annual Board Meeting has been scheduled for May 20 and 21, 2010. The schedule of events is as follows:

Thursday, May 20, 2010	2:00 p.m.	SISC I Board Meeting
	3:00 p.m.	SISC II Board Meeting
	4:00 p.m.	SISC III Board Meeting

Comments from the Board of Directors Will Be Heard There were no comments from the Board.

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ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Pierucci, seconded by Director Pickavet and carried adjourning the meeting at 1:25 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Thursday, May 20, 2010**, at 4:00 p.m. at the Stockdale Country Club in Bakersfield California.

DAN MUNIS, Secretary