

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, JULY 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 1:05 p.m. on Wednesday, July 21, 2010, 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
Eva Chavez
Karen Cox
Steve McClain
Russell Miller
Gary Pickavet
Richard Pierucci
Ernie Unruh

ALTERNATES PRESENT:

Tom Valos

OTHERS PRESENT:

Jackie Brouillette
Cindy Mattern
Jennifer Bennett
John Stenerson
Megan Hanson
Lola Nickell
Melanie Goldsmith – Blue Shield
Dan Bly – Delta Dental
Judy Fussel – Buckman Mitchell
Lauri Phillips
Cindy Harden – Kaiser
David Coolidge - Kaiser
Carolyn Temple – Kern Foundation
JoeAnna Miller – Buckman Mitchell
Kern High CTA Rep
Dan Sanger - ASCIP Rep

CONSENT CALENDAR

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

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

**SISC III BOARD MEETING
WEDNESDAY, JULY 21, 2010
PAGE 2**

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

DELTA DENTAL CLAIMS	5,185,955.53	
DELTA DENTAL ASO	340,198.78	
	TOTAL DENTAL	5,526,154.31
VSP CLAIMS	939,851.20	
MES CLAIMS	98,368.73	
VSP ASO	85,842.28	
MES ASO	11,786.42	
	TOTAL VISION	1,135,848.63
ANTHEM BLUE CROSS HEALTH CLAIMS	49,043,628.20	
BLUE SHIELD HEALTH CLAIMS	8,642,347.25	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	403,291.79	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	229,276.41	
MEDCO DISCOUNT CARD CLAIMS	52,090.92	
	TOTAL HEALTH CLAIMS	58,370,634.57
ANTHEM BLUE CROSS ASO	1,478,892.07	
BLUE SHIELD ASO	200,844.28	
ANTHEM BC BEHAVIORAL HEALTH ASO	170,189.29	
ANTHEM BC COMPANION CARE RETIREE ASO	45,668.00	
FOUNDATION CLAIMS PROCESSING ASO	149,451.12	
MEDCO DISCOUNT CARD ASO	1,191.00	
	TOTAL HEALTH ASO	2,046,235.76
	TOTAL HEALTH	60,416,870.33
MEDCO CLAIMS	12,582,749.50	
AMERICAN HEALTH CARE CLAIMS	2,227,329.63	
MEDCO ASO	300,757.09	
AMERICAN HEALTH CARE ASO	54,270.50	
	TOTAL RX	15,165,106.72
<u>FULLY-INSURED PRODUCTS</u>		
ANTHEM BC CALIFORNIA CARE HMO	1,247,995.16	
ANTHEM BC HMO ADMIN FEE	715,444.96	
BLUE SHIELD HMO	1,532,588.39	
BLUE SHIELD HMO ADMIN FEE	800,688.42	
AETNA HMO	1,149,078.26	
HEALTH NET HMO	326,673.10	
KAISER HMO	3,198,445.86	
PACIFIC CARE BEHAVIORAL HEALTH	524,758.15	
CIGNA BEHAVIORAL HEALTH	15,979.10	
UNITED HEALTHCARE DENTAL	868.92	
DELTACARE/PMI DENTAL	3,608.22	

**SISC III BOARD MEETING
WEDNESDAY, JULY 21, 2010
PAGE 3**

KAISER SENIOR ADVANTAGE RETIREE PLAN	54,497.00
HEALTH NET SENIORITY PLUS RETIREE PLAN	49,370.00
AETNA FULLY INSURED PPO	47,878.26
MUTUAL OF OMAHA LIFE	129,439.93
ZURICH LIFE	12,946.60
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS	9,810,260.33

SISC FLEX CLAIMS	223,446.68
WELLNESS	70,462.00
ALL OTHER	476,735.67

TOTAL SISC III PAYMENTS **92,824,884.67**

PUBLIC COMMENT

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending June 30, 2010. After discussion, motion was made by Director McClain, seconded by Director Caudle and carried approving the Financial Report as presented.

Election of Vice President for Fiscal Years 2010-2011 and 2011-2012. Director Bigler informed the Board that SISC III By-Laws state the Board shall elect a Vice President every two years. Director Cox nominated Director Pickavet, Director Unruh seconded and the motion was passed electing Director Pickavet as Vice President.

Election of Secretary/Treasurer for Fiscal Years 2010-2011 and 2011-2012. Director Bigler informed the Board that SISC III By-Laws state the Board shall elect a Secretary/Treasurer every two years. Director Pickavet nominated Director Cox, Director Miller seconded and the motion was passed electing Director Cox as Secretary/Treasurer.

Request Approval of the 2009 Defined Benefit Program Audit. Cindy Mattern reviewed with the Board the 2009 Defined Benefit Program Audit performed by Daniells, Phillips, Vaughan and Bock. Cindy noted there were no uncorrected mistakes or deficiencies, investment returns were better than expected, and a favorable Letter of Determination from the IRS was received. After discussion, motion was made by Director Caudle, seconded by Director Miller and carried to approve the 2009 Defined Benefit Program Audit as presented.

DISCUSSION AND INFORMATION ITEMS

Monthly PPO Trend History Through June 2010. John Stenerson reviewed the PPO trend history with the Board. John reported the trend has been very steady, between 9% and 10%, and currently is at 8.8%. John let the Board know the membership numbers we used when factoring the premiums are declining, probably due to lay-offs, and we will be monitoring those numbers. As we approach a full year of higher claims it will be interesting to see how the trend continues.

Give Each Board Member a Copy of the 2010-11 Meeting Dates Calendar. Director Bigler reviewed the meeting dates for this year with the Board. Director Bigler mentioned that Board meetings are held the third Wednesday of every month with the exception of September, March and May.

Show the Board the Information Staff Sent to Member Districts Concerning the Early Retiree Reinsurance Program (ERRP). John Stenerson provided information about the release of the ERRP application. It is now on the U.S. Department of Health and Human Services' website. The SISC Health Benefits team sent e-mails to 266 school districts and they then followed up with a phone call. John said it was important to get this information to the school districts because the \$5 billion designated for this program is expected to be rapidly dispersed. There has been good feedback from the school districts. Director Pickavet complimented John and his team for their hard work in getting the information to the districts in such a timely manner.

Review the Investment Policy. Cindy Mattern advised the Board that pursuant to Ed. Code we are required to bring the SISC Investment Policy to the Board on an annual basis. Cindy reviewed this policy with the Board and notified them we are not recommending any changes at this time. Safety of Principal, Liquidity and Return on Investment continue to be the main priorities. Securities must be rated at least A by S&P and Moody's.

Show the Board an Article on Health Care Prior to 2014. Director Bigler reviewed an article with the Board which discusses the struggle millions will have to keep healthcare coverage until the law sets up a safety net in 2014. Noting that the subsidy has run out for COBRA assistance, Russ said that it will be difficult to keep people insured in the general population from 2011 – 2014.

Update the Board on "Grandfathering" as it relates to Health Care Reform. John Stenerson advised the Board that because SISC has had first dollar routine wellness benefits for a few years, the impact of healthcare reform and "grandfathering" should be minimal.

Update the Board on the Term Value-Based Purchasing Design (VBPD). John Stenerson discussed the VBPD that will be in effect January 2011 for all PERS PPO plans. PERS introduced the VBPD for elective knee and hip joint replacements stating they will not exceed a threshold of \$30,000 and surgeries will be performed at designated hospitals. During discussion, Director Pickavet raised the concern that this initiative appears to be more about price than about quality.

Comments From the Board. There were no further comments from the Board.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Miller, seconded by Director Pierucci and carried adjourning the meeting at 1:55 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, September 22, 2010**, 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.

KAREN COX, Secretary