

SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
WEDNESDAY, SEPTEMBER 22, 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 1:00 p.m. on Wednesday, September 22, 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
 Eva Chavez
 Karen Cox
 Brian Hawkins
 Kip Hearron
 Gary Pickavet
 Bryon Schaefer

ALTERNATES PRESENT:

Judy Marty
 John Mendiburu
 Tom Valos

OTHERS PRESENT:

Jackie Brouillette
 Cindy Mattern
 Bonnie Bowles
 Jennifer Bennett
 John Stenerson
 Megan Hanson
 Lola Nickell
 Fred Bayles – Wells Fargo Advisors
 Rich Edwards – Merrill Lynch
 Earl Johnson - KCEA
 Armen Khorozyan – Kaiser Permanente
 JoeAnna Miller – Buckman-Mitchell
 Judy Fussel – Buckman-Mitchell
 Steve Bargeon – Tulare/Kings Foundation
 Carolyn Temple – Kern Foundation
 Jeanne Simpson – Kern Foundation
 Susan Wooten – KHSD CSEA Representative
 Dan Bly – Delta Dental
 Raquel Acebedo

CONSENT CALENDAR

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

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

Report of Activity for the Month of August 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
VISION SERVICE 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

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ANTHEM BLUE CROSS HEALTH CLAIMS	49,043,628.20	
BLUE SHIELD HEALTH CLAIMS	8,642,347.25	
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 CLMS 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 INSURED PRODUCTS		15,165,106.72
ANTHEM BC HMO CLAIMS	1,247,995.16	
ANTHEM BC HMO ADMIN FEE	715,444.96	
BLUE SHIELD HMO CLAIMS	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	
PACIFICARE BEHAVIORAL HEALTH	524,758.15	
CIGNA BEHAVIORAL HEALTH	15,979.10	
UNITED HEALTH CARE DENTAL	868.92	
DELTACARE/PMI DENTAL	3,608.22	
KASIER SENIOR ADVANTAGE RETIREE PLAN	54,497.00	
HEALTH NET SENIORITY PLUS RETIREE PLAN	49,370.00	
AETNA 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 August 31, 2010. Cindy pointed out that the LAIF rate for the month of August was 0.51%. Cindy answered a question from Director Pickavet saying the penalty fee on any unpaid balance is 1% monthly. After discussion, motion was made by Director Pickavet, seconded by Director Mendiburu and carried approving the Financial Report as presented.

Request Approval of the 2010-2011 Budget. Cindy Mattern reviewed with the Board the tentative budget for this fiscal year. After discussion, motion was made by Director Cox, seconded by Director Hearron and carried approving the 2010-2011 budget.

INFORMATION AND DISCUSSION ITEMS

Monthly SISC PPO Trend History Through August 2010. John Stenerson reviewed the monthly SISC PPO Trend history through August 2010 with the Board. It was noted that the Medical Claims History has been adjusted, as necessary, for the months of October 2008 – July 2010. Earl Johnson asked if the improving trend was likely to continue. John said that, while the trend was likely to continue improving, it would probably be in the high single digit range.

Show the Board a Copy of the PHIA Group SISC Subrogation Through the Second Quarter of 2010. Director Bigler reported in 2009 the Board approved the motion to change from Anthem Blue Cross to the Phia Group because it seemed as though we were not receiving as much as we should (about \$300,000 per year) given our size. At the time PHIA told us, given our size, we should be getting over \$1 million per year. In the first two quarters the Phia Group has recovered \$406,123.39.

Show the Board a Copy of the Seasonal Flu and Whooping Cough Vaccine Information Sent to Member Districts. Director Bigler reported to the Board it appears California is headed for a very bad outbreak of whooping cough, expected to be the worst in half a century. John Stenerson sent a memorandum to member districts, letting them know flu and pertussis (whooping cough) vaccines are covered by most medical plans under the Routine/Preventative Care Benefit. John added that the vaccines have been available at no co-pay for the last 4-5 years.

Show the Board an Article from the June 4, 2010 Edition of Business Insurance. Director Bigler presented an article from Business Insurance, a journal, well respected in the industry. He pointed out that not all risk pools submit their information for this survey. However, of those participating, SISC has nearly three times the member contributions of the second place risk pool. In addition, CSAC EIA, the second place pool and the JPA for cities and counties in California, contracts with SISC, allowing them to use our discount. This brings approximately \$800,000 to SISC annually. ASCIP, the seventh place pool, markets SISC's PPO. He also pointed out in addition to these impressive figures, Finance manages the following:

- \$111 million in our GASB 45 Program
- \$85 million in our Investment Pool
- \$27 million in our Defined Benefit Plan

All told you can see it is well over one billion dollars.

Update the Board on the Switch to Pay as Billed. Jennifer Bennett informed the Board that July 1, 2010 was the first billing cycle for the Pay as Billed format. Past due districts were informed they had one month to catch up. In the August 1, 2010 billing cycle, staff continued to work with past due districts. September 1, 2010 billing has gone very well, there have been very few questions from the districts.

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Show the Board a Newspaper Article on Anthem Blue Cross and Blue Shield Rate Increases. Director Bigler presented an article from the LA Times speaking about the rate hikes from Anthem Blue Cross. The article said that Anthem was allowed to increase their premiums by an average of 14%, some increases going as high as 20%, because they met the State criteria of spending at least 70% of their premiums on medical care.

Director Bigler pointed out that SISC spends only 4.1% of premiums on administrative costs.

He also asked that Board members keep in mind, these rate increases are for their fully insured books of business. As such, they don't affect SISC because we are self insured. Basically, SISC pays a fee, called Administrative Services Only (ASO) to rent the network, supply the card, process the claims, etc.

Show the Board an Article Concerning For-Profit vs. Non-Profit Hospitals. Director Bigler shared an article from the Bakersfield Californian regarding the number of C-sections performed at for-profit hospitals compared to the number performed at non-profit hospitals. The article revealed that women are at least 17 percent more likely to have a C-section in a for-profit hospital than in a non-profit hospital.

Show the Board a Newspaper Article that Projects the National Cost of Health Care to 2019. Director Bigler shared an article from the LA Times comparing the projected cost increase under the healthcare overhaul vs. the increase had the law not been enacted.

Discuss Information from Dr. Charles Phillips. Director Bigler explained to the Board about a packet of information some Board members had received from Dr. Charles Phillips. He read an article from the Bakersfield Californian regarding a Bakersfield woman, Shawn Dodd, whose company provided medical billing services for Dr. Phillips.

After reading the article, Director Bigler stated the case appeared to be something handled by the District Attorney's office, not SISC. He asked for comments from the public and there weren't any.

Comments From the Board of Directors. There were no comments from the Board at this time.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Mendiburu, seconded by Director Hearron and carried adjourning the meeting at 1:44 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, October 20, 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