

SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
WEDNESDAY, DECEMBER 15, 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 1:02 p.m. on Wednesday, December 15, 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
Brian Hawkins
Kip Hearron
Steve McClain
Bryon Schaefer

ALTERNATES PRESENT:

Tom Valos
Judy Marty

OTHERS PRESENT:

Jackie Brouillette
Cindy Mattern
Bonnie Bowles
Jennifer Bennett
John Stenerson
Megan Hanson
Lola Nickell
Raquel Acebedo
Lauri Phillips
Cherie Payne
Bill Hornback – School's Legal Services
Fred Bayles – Wachovia Securities
Rich Edwards – Merrill Lynch
Earl Johnson - KCEA
Susan Wooden – Kern High School District
Judy Fussel – Buckman Mitchell
Steve Bargeon – Tulare/Kings Foundation
Melanie Goldsmith – Blue Shield
Jeanne Simpson – Kern Foundation
Turner Houston – Houston Insurance Services

CONSENT CALENDAR

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

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

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

DELTA DENTAL CLAIMS	\$5,068,407.59	
DELTA DENTAL ASO	326,912.37	
TOTAL DENTAL		\$5,395,319.96
VISION SERVICE CLAIMS	642,181.86	
MES CLAIMS	118,001.02	
VSP ASO	82,497.66	
MES ASO	17,061.49	
TOTAL VISION		859,742.03
ANTHEM BLUE CROSS HEALTH CLAIMS	48,933,691.95	
BLUE SHIELD HEALTH CLAIMS	9,590,244.06	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	8,113.07	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	240,565.93	
MEDCO DISCOUNT CARD CLAIMS	34,742.94	
TOTAL HEALTH CLAIMS	58,807,357.95	
ANTHEM BLUE CROSS ASO	1,590,914.29	
BLUE SHIELD ASO	277,288.40	
ANTHEM BC BEHAVIORAL HEALTH ASO	132,166.95	
ANTHEM BC COMPANION CARE RETIREE ASO	49,322.59	
FOUNDATION CLMS PROCESSING ASO	560,046.24	
MEDCO DISCOUNT CARD ASO	1,010.22	
TOTAL HEALTH ASO	2,610,748.69	
TOTAL HEALTH		61,418,106.64
MEDCO CLAIMS	12,156,239.69	
AMERICAN HEALTH CARE CLAIMS	2,108,466.75	
MEDCO ASO	273,169.14	
AMERICAN HEALTH CARE ASO	59,076.20	
TOTAL RX		14,596,951.78
INSURED PRODUCTS		
ANTHEM BC HMO CLAIMS	3,122,853.51	
ANTHEM BC HMO ADMIN FEE	1,693,017.16	
BLUE SHIELD HMO CLAIMS	129,166.95	
BLUE SHIELD HMO ADMIN FEE	1,791,600.83	
BLUE SHIELD HMO ADMIN FEE	902,547.07	
AETNA HMO	NONE DUE	
HEALTH NET HMO	NONE DUE	
KAISER HMO	4,053,760.43	
PACIFICARE BEHAVIORAL HEALTH	NONE DUE	
CIGNA BEHAVIORAL HEALTH	NONE DUE	
UNITED HEALTH CARE DENTAL	912.30	
DELTACARE/PMI DENTAL	3,835.88	
KASIER SENIOR ADVANTAGE RETIREE PLAN	62,318.00	

**SISC III BOARD MEETING
WEDNESDAY, DECEMBER 15, 2010
PAGE 3**

HEALTH NET SENIORITY PLUS RETIREE PLAN	NONE DUE	
AETNA INSURED PPO	NONE DUE	
MUTUAL OF OMAHA LIFE	127,385.44	
ZURICH LIFE	13,066.60	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		11,900,464.17
SISC FLEX CLAIMS	177,786.08	
WELLNESS	0.00	
ALL OTHER	796,280.01	
TOTAL SISC III PAYMENTS		95,144,650.67

PUBLIC COMMENT

- A. Marco Flores, former candidate for Kern County Board of Education; Trustee Area 1 addressed the Board.
- B. Anonymous speaker representing the Dodd family addressed the Board.
- C. Charles Phillips, M.D. with Century Medical Group addressed the Board.
- D. Cindy Hansen, CFO for Century Medical Group addressed the Board.

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending November 30, 2010. Cindy pointed out that the LAIF rate for the month of November was 0.45%. Cindy reported that investments were better than expected for the quarter ending in December. She asked for Fred Bayles and Rich Edwards for their opinions of what we might expect in the future. They reported we should expect quarterly returns to be down in the future. After discussion, motion was made by Director Chavez, seconded by Director Hawkins and carried approving the Financial Report as presented.

Approval of the 2011 Defined Benefit Budget. Cindy Mattern reviewed this program with Board discussing the money saved by utilizing this program vs. Social Security and discussed the requested budget for the coming year. After discussion, motion was made by Director McClain, seconded by Director Hearron and carried approving the 2011 Defined Benefit Budget.

Approval of the Defined Benefit Plan Investment Policy. Cindy Mattern reviewed the Defined Benefit Plan Investment Policy. After discussion, motion was made by Director Hawkins, seconded by Director Cox and carried approving minor wording in changes to the 2011 Defined Benefit Investment Policy.

INFORMATION AND DISCUSSION ITEMS

Monthly SISC PPO Trend History Through November 2010 John Stenerson reviewed the monthly SISC PPO Trend history through November 2010. John mentioned that the numbers are out of the double digit run, everything in the industry is down a little. He also mentioned that revenues are going down because districts are changing to less expensive plans, this wasn't included in the projections.

Update the Board on the Banking Arrangements Between SISC and Anthem Blue Cross Director Bigler reviewed the change in banking arrangements with Anthem Blue Cross sharing a letter, dated 10/1/10, from Anthem sent to Cindy Mattern about the changes. Director Bigler explained in 1979 Blue Cross required SISC to have its own bank account from which to pay claims rather than issue reimbursements for these claims. He said that it took approximately 25 hours per month for a SISC employee to oversee this account.

**SISC III BOARD MEETING
WEDNESDAY, DECEMBER 15, 2010
PAGE 4**

Update the Board on the Banking Arrangements Between SISC and Anthem Blue Cross (cont.) The new arrangement will allow checks to be released from an Anthem owned bank account and SISC will reimburse them for these payments. This will require, overall, less administration for both SISC and Anthem Blue Cross.

Show the Board the 2011 Defined Benefit Contribution Rate Letter. Director Bigler reviewed the letter that was sent out to Defined Benefit Plan Member Districts and reviewed the 2011 Defined Benefit Contribution Rate. The 2011 rate will be 4.1%, much lower than the 12.4% Social Security rate (6.2% paid by employee and 6.2% paid by employer).

Update the Board on SISC's 2010 Subrogation Revenue After Three Quarters. Director Bigler shared the SISC Subrogation Overview with the Board, letting them know that SISC has picked up approximately \$1 million per year by switching to the Phia Group.

Update the Board on CECHCR's Push to Create a Single Pool Administrator for all California School Districts. Director Bigler discussed the "Advance Discussion Points to be Submitted to Potential Pool Administrators" sent to the insurance administrators being considered at this time. He said the three groups being considered are SISC, PERS, and CVT. CECHCR is pushing a bill that will allow California to select a board which will then choose the provider.

Comments From the Board of Directors. Director Bigler shared an article from the Wall Street Journal entitled "Court Strikes at Health Law." The article discusses the federal court ruling that "the law's requirement that most Americans carry insurance or pay a penalty exceeds the constitutional boundaries of congressional power."

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Caudle, seconded by Director Cox and carried adjourning the meeting at 2:09 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, January 19, 2011**, at 1:00 p.m. in Conference Room 1B on the First Floor of the Kern County Superintendent of Schools Office, 1300 17th Street, Bakersfield, California.

KAREN COX, Secretary