

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, JANUARY 19, 2011 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, January 19, 2011, in Conference Room 1B on the First 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
Brian Hawkins
Kip Hearn
Gary Pickavet
Ernie Unruh

ALTERNATES PRESENT:

Judy Marty
Tom Valos

OTHERS PRESENT:

Jackie Brouillette
Cindy Mattern
Bonnie Bowles
Jennifer Bennett
John Stenerson
Megan Hanson
Nick Kouklis
Lola Nickell
Raquel Acebedo
Cherie Payne
Toni Smith
Bill Hornback – Schools Legal Service
Frank Fekete – Schools Legal Service
Fred Bayles – Wachovia Securities
Rich Edwards – Merrill Lynch
Jeanne Simpson – Kern Foundation
Dan Bly – Delta Dental
Judy Fussel – Buckman Mitchell
Earl Johnson - KCEA
Susan Wooden – Kern High School District
Steve Bargeon – Tulare/Kings Foundation
Melanie Goldsmith – Blue Shield
Turner Houston – Houston Insurance Services

CONSENT CALENDAR

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

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

**BOARD MEETING
WEDNESDAY, JANUARY 19, 2011
PAGE 2**

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

DELTA DENTAL CLAIMS	6,626,189.27	
DELTA DENTAL ASO	427,389.12	
	TOTAL DENTAL	7,053,578.39
VSP CLAIMS	598,409.86	
MES CLAIMS	133,057.05	
VSP ASO	80,311.82	
MES ASO	17,366.79	
	TOTAL VISION	829,145.52
ANTHEM BLUE CROSS HEALTH CLAIMS	47,170,882.99	
BLUE SHIELD HEALTH CLAIMS	9,884,530.75	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	90,275.36	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	282,966.36	
MEDCO DISCOUNT CARD CLAIMS	60,198.47	
	TOTAL HEALTH CLAIMS	57,488,853.93
ANTHEM BLUE CROSS ASO	1,632,179.81	
BLUE SHIELD PPO ASO	273,430.67	
ANTHEM BC BEHAVIORAL HEALTH ASO	0.00	
ANTHEM BC COMPANION CARE RETIREE ASO	49,123.80	
FOUNDATION CLMS PROCESSING ASO	557,537.76	
MEDCO DISCOUNT CARD ASO	0.00	
	TOTAL HEALTH ASO	2,512,272.04
	TOTAL HEALTH	60,001,125.97
MEDCO CLAIMS	12,973,782.01	
AMERICAN HEALTH CARE CLAIMS	2,171,926.87	
MEDCO ASO	22,302.79	
AMERICAN HEALTH CARE ASO	60,799.50	

INSURED PRODUCTS

ANTHEM BC HMO CLAIMS	2,960,985.47
ANTHEM BC HMO ADMIN FEE	1,744,579.58
ANTHEM BC EAP	131,677.68
BLUE SHIELD HMO CLAIMS	1,616,355.18
BLUE SHIELD HMO ADMIN FEE	1,084,296.57
AETNA HMO	
HEALTH NET HMO	
KAISER HMO	3,973,274.28
PACIFIC CARE BEHAVIORAL HEALTH	
CIGNA BEHAVIORAL HEALTH	

**BOARD MEETING
WEDNESDAY, JANUARY 19, 2011
PAGE 3**

UNITED HEALTHCARE DENTAL	341.67	
DELTACARE/PMI DENTAL	2,312.81	
KAISER SENIOR ADVANTAGE RETIREE PLAN	67,274.00	
HEALTH NET SENIORITY PLUS RETIREE PLAN		
AETNA INSURED PPO		
MUTUAL OF OMAHA LIFE INS	131,677.68	
ZURICH LIFE	13,016.60	
TOTAL INSURED		11,725,791.52
SISC FLEX CLAIMS		264,278.28
WELLNESS		13,680.00
ALL OTHER		473,592.32
TOTAL SISC III PAYMENTS		95,590,003.17

INFORMATION ITEM

Introduction of Dr. Bigler's Successor. Director Bigler announced that Nick Kouklis, currently Lakeside School District Superintendent and member of the SISC I Board of Directors as SISC's new CEO, effective July 1, 2011.

PUBLIC COMMENT

Charles Phillips, M.D. with Century Medical Group addressed the Board.

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending December 31, 2010. She advised the Board that the LAIF rate is up slightly at 0.46%. After discussion, motion was made by Director Unruh, seconded by Director Caudle and carried approving the Financial Report as presented.

INFORMATION AND DISCUSSION ITEMS

Show the Monthly SISC PPO Claims History Through December 2010. John Stenerson reviewed the claims history with the Board. and discussed the percentage of change of 4.7%. He went over the Comparison of Budget-to-Actual report noting the actual revenues were 98.4% of revenues budgeted and the actual expenses were 103% of expenses budgeted.

Show the Board Future Plan Change Considerations of Our Prescription Drug Program. John Stenerson reviewed the handout he provided the Board going over change considerations in the prescription drug program. John said there is shift to more generics primarily due to brand-name drugs losing their patent. He said the current three tiered plan will be replaced on October 1, 2011 with a simpler two tiered plan.

Mention to the Board the Reason for Bringing out Rates Later. Director Bigler discussed the need to bring medical and RX rates to the Board later in order to shorten the window between deciding rates and when they go in to effect, as we did last year. Director Bigler let the Board know the shorter the window, the more accurate the rates. Director Bigler told the Board we could still provide districts with estimates in March but will give out actual rates in April.

Update the Board on One CTA Administrator's Thoughts on Where CTA is concerning CECHCR's Single Administrator Pool. In response to the remark at last month's board meeting that CTA might not be on board with the Single Administrator Pool, Director Bigler called CTA and spoke with an administrator. He was told CTA is in a "holding pattern" at the present time and is in the process of communicating CECHER's concept to its big locals (L.A., etc.)

SISC III BOARD MEETING
WEDNESDAY, JANUARY 19, 2011
PAGE 4

Show the Board a Memo on California State Tax. Director Bigler shared with the Board a memo sent to Superintendents and key contact personnel in SISC III member districts regarding California State Tax Implications for Adult Child Medical Coverage. He stated that he hopes to be able to write another memo saying this will not be a taxable event, but feels that we had to let people know that the current status is.

Toni Smith, Administrator of KCSOS Division of Human Resources and Special Services, brought the latest news to the Board. The Field Auditing Compliance Department has said this is non-taxable. She has asked for something in writing from the Employment Development Department (EDD). She has heard from EDD representatives that this is not a taxable benefit because it is an employer sponsored benefit. Director Caudle said his office has received the same information from the Franchise Tax Board. Toni will follow up to be certain this is accurate information.

Director Hawkins and Director Cox thanked Cherie Payne, KCSOS Human Resources (HR) Director and the KCSOS HR department for the assistance they've given the member districts with this issue.

Show the Board a Wall Street Journal Article on Federal Scrutiny. Director Bigler shared an article about new regulatory scrutiny health insurers raising premiums 10% or more will face next year. He said this doesn't affect SISC but he wanted to share it with Board members as they may be questioned about it.

Show the Board Two Articles from Business Insurance Magazine. Director Bigler shared two articles recapping several stories from this last edition of Business Insurance magazine for the 2010 calendar year with the Board. They highlight SISC number one ranking under the following two categories:

- Largest Employee Benefit and Property/Casualty Public Entity Risk Pools (ranked by 2009 member contributions)
- Largest Public Entity Risk Pools (ranked by 2009 member contributions)

Director Bigler pointed out we do work and receive income from CSAC-EIA and ASCIP, both ranked in the top five in Employee Benefit Pool and in the top seven in the Public Entity Risk Pools.

Show the Board Two Articles from the Los Angeles Times about Blue Shield Rate Increases. Director Bigler said the rate increases Blue Shield is putting on the premiums of individual policy holders will not effect SISC because we are self insured and use Blue Shield and Anthem for administrative purposes only. He shared a second article with California's new Insurance Commissioner, Dave Jones' thoughts on the rate increases.

Show the Board an Article from Time Magazine on Wellness. Director Bigler shared this article with the Board saying the best thing you can do is get actively involved in wellness. He spoke of several successes of SISC's Wellness program, in its third year, as we try to get more participation. He said given the potential claims and therefore premium savings, a time might come when we would want a staff position whose job would be to promote this program throughout SISC member districts.

Additional Topics From the Board of Directors. There were no additional topics from the Board at this time.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Caudle, seconded by Director Hawkins and carried adjourning the meeting at 2:02 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, February 16, 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/Treasurer