

# SISC III

## HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, MARCH 23, 2011 1:00 P.M.

### MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order by Director Pickavet at 1:01 p.m. on Wednesday, March 23, 2011, in the SISC Board Room on the First Floor of the Kern County Superintendent of Schools Office, 1300 17th Street, Bakersfield California, with the following in attendance:

**MEMBERS PRESENT:**

Eva Chavez  
Karen Cox  
Brian Hawkins  
Kip Hearron  
Russell Miller  
Gary Pickavet  
Bryon Schaefer  
Ernie Unruh

**ALTERNATES PRESENT:**

Judy Marty  
John Mendiburu  
Tom Valos

**OTHERS PRESENT:**

Jackie Brouillette  
Cindy Mattern  
Bonnie Bowles  
Megan Hanson  
John Stenerson  
Jennifer Bennett  
Raquel Acebedo  
Nick Kouklis  
Bob Hunter  
Henry Barker  
Bill Hornback  
Judy Fussell – Buchman Mitchell  
Dan Bly – Delta Dental  
Rich Edwards – Merrill Lynch  
Steve Beargeon – Tulare/Kings Foundation  
Carolyn Temple – Kern Foundation  
Melanie Goldsmith – Blue Shield of California  
Cathy Nisbet – Blue Shield of California  
Michelle Simpson – Blue Shield of California  
Turner Houston – Houston Insurance Services  
Susan Wooden - KHSD CSEA Representative  
Earl Johnson - KCEA

**CONSENT CALENDAR**

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

**Minutes.** Minutes for the February 2011 Regular Board of Directors Meeting.

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**Report of Activity for the Month of February 2011 and Ratification of Payment as follows:**

DELTA DENTAL CLAIMS	7,953,558.73	
DELTA DENTAL ASO	513,004.55	
	<b>TOTAL DENTAL</b>	<b>8,466,563.28</b>
VSP CLAIMS	880,179.63	
MES CLAIMS	134,881.12	
VSP ASO	81,575.62	
MES ASO	17,195.39	
	<b>TOTAL VISION</b>	<b>1,113,831.76</b>
ANTHEM BLUE CROSS HEALTH CLAIMS	44,090,709.08	
BLUE SHIELD HEALTH CLAIMS	9,041,655.17	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	123,106.42	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	340,095.09	
MEDCO DISCOUNT CARD CLAIMS	64,300.98	
<b>TOTAL HEALTH CLAIMS</b>	<b>53,659,866.74</b>	
ANTHEM BLUE CROSS ASO	1,539,329.87	
BLUE SHIELD PPO ASO	273,851.19	
ANTHEM BC COMPANION CARE RETIREE ASO	47,263.05	
FOUNDATION CLMS PROCESSING ASO	555,721.92	
MEDCO DISCOUNT CARD ASO	1,056.20	
<b>TOTAL HEALTH ASO</b>	<b>2,417,222.23</b>	
	<b>TOTAL HEALTH</b>	<b>56,077,088.97</b>
MEDCO CLAIMS	13,324,942.37	
AMERICAN HEALTH CARE CLAIMS	2,084,699.93	
MEDCO ASO	297,393.69	
AMERICAN HEALTH CARE ASO	55,112.30	
	<b>TOTAL RX</b>	<b>15,762,148.29</b>
<b><u>INSURED PRODUCTS</u></b>		
ANTHEM BC HMO CLAIMS	2,754,885.58	
ANTHEM BC HMO ADMIN FEE	1,702,930.79	
ANTHEM BC EAP	130,857.60	
BLUE SHIELD HMO CLAIMS	1,843,480.77	
BLUE SHIELD HMO ADMIN FEE	1,453,216.35	
KAISER HMO	3,911,465.26	
UNITED HEALTHCARE DENTAL	608.20	
DELTACARE/PMI DENTAL	3,158.96	
KAISER SENIOR ADVANTAGE RETIREE PLAN	65,316.00	
MUTUAL OF OMAHA LIFE INS	160,031.23	
ZURICH LIFE	12,893.80	
	<b>TOTAL INSURED</b>	<b>12,038,844.54</b>

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SISC FLEX CLAIMS	227,500.91
WELLNESS	174,217.00
ALL OTHER	632,047.35
FINAL 03/10/11 BB	<b>TOTAL III PAYMENTS 94,492,242.10</b>

**PUBLIC COMMENT**

No public comment

**ACTION ITEMS**

**Financial Report.** Cindy Mattern reviewed with the Board the Financial Report for the period ending February 28, 2011. She advised the Board that the LAIF rate is at 0.51% for the month, basically holding steady. After discussion, motion was made by Director Cox, seconded by Director Unruh and carried approving the Financial Report as presented.

**Request Approval of the 2010-2011 Independent Financial Audit.** Cindy Mattern reviewed with the Board the SISC III Independent Financial Audit. After discussion, motion was made by Director Cox, seconded by Director Schaefer and carried approving the Independent Financial Audit as presented.

**Request Approval to Change the Date of the April Board Meeting to April 27<sup>th</sup>.** The original date of April 20, 2011 falls during the week of Spring Break. After discussion, motion was made by Director Hearron, seconded by Director Chavez and carried approving the change in the April Board Meeting date from April 20, 2011 to April 27, 2011.

**INFORMATION AND DISCUSSION ITEMS**

**Show the Monthly SISC PPO Claims History Through February 2011.** John Stenerson reviewed the claims history with the Board and discussed our year over year change of 4.7%. He explained that part of the reason for the increase in the year over year change a year ago was the increase of people going onto COBRA, due to ARRA funds. These people are now coming off of COBRA driving the year over year change down. John pointed out that this is an indicator of the trend but it is not the actual medical trend. Next month when rates are set the actual trend will be presented. John explained that we are nearly \$9 million behind where we were budgeted to be at this period of the fiscal year.

John reviewed three year-end scenarios with the board and mentioned that although we are a large program with healthy reserves, they can go very quickly as we are now seeing. Next month when rates are set, John mentioned the need to consider our reserves and how they will be depleted substantially this year. Director Pickavet mentioned the amount the school districts will possibly lose per ADA this year. He suggested we use reserves to keep the rates as close to current rates as possible. Director Miller added that John has done a great job with the rates but school districts are under a great deal of pressure and we should use reserves to stabilize the rates, as much as possible.

**Discuss the May Board Meeting.** Jackie Brouillette reviewed the May Board Meeting and Vendor Fair on May 19<sup>th</sup> and 20<sup>th</sup> with the Board. She pointed out the change in time for the meetings on May 19<sup>th</sup>, with the SISC III meeting scheduled for 3:00 p.m.; SISC II scheduled for 4:00 p.m.; and the SISC I meeting scheduled for 5:00 p.m. The meetings will be followed by a Reception and Vendor Fair at 6:00 p.m. and Dinner at 7:00 p.m. There will be a Board Meeting and Program on May 20<sup>th</sup> for SISC I, II, and III Boards from 7:00 – 9:30 a.m.

There will not be a golf tournament, however Jackie said that she would schedule tee times for anyone interested in playing golf after the breakfast meeting. She said that details are still being finalized for our Annual Board Meeting, and that board members would be notified soon of the details.

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**Show the Board an Article on Lap Bands.** John Stenerson presented an article pointing out the FDA has approved the use of Lap-Bands for people with a body mass index as low as 30 with one weight-related medical condition. He reminded the Board there is still an approval process in place. He said we asked our Anthem and Blue Shield representatives, they checked, and this is what they are saying at this time:

- Anthem – Our Medical Review area is aware of this new FDA approval and will be evaluating this development during their May meeting. The affect that it has on our Medical Policy will be determined at that time, but there has been no decision yet.
- Blue Shield – Blue Shield of California's medical policy on bariatric surgery remains unchanged. Blue Shield does not expect an increase to cost of health care.

**Show the Board an Article on Seven States Receiving Grants.** John Stenerson reviewed an article that points out the Obama administration has awarded \$241 million in grants to Kansas, Maryland, Massachusetts, New York, Oklahoma, Oregon, and Wisconsin to develop new internet-based systems that would let many Americans shop for health insurance online.

**Update the Board on the Continuity of Operations Project.** Henry Barker updated the Board on the Continuity of Operations Project (COOP). He reviewed the reason behind the project; to protect the records of approximately 400 school districts, county offices, or community colleges, with an off-site back-up system in case of a fire, flood, earthquake, etc. making this building inoperable.

He reminded the Board that when we first started working on this a couple of years ago, the term was Disaster Preparedness. It is now Continuity of Operations or COOP. He said the San Luis County Office of Education is a partner with SISC in the project and will be the location where duplicate records are housed.

On the financial end, when we first started it appeared the equipment, for both Kern and San Luis would be about \$540,000. However, staff has worked with the entire HP team to revamp several things that will meet our long term needs, bring us newer technology, and faster storage speeds at a price of under \$439,000.00.

We are in the process of ordering the equipment and expect it to arrive within the next two months. We will then spend another one – three months testing the system.

**Update the Board on the Early Retiree Reimbursement Program (ERRP).** Robert Hunter gave an update on ERRP. He reminded the Board that a portion of the new health care reform legislation is the early retiree reinsurance program, allowing an entity to recoup 80% of the payments between \$15,000-\$90,000 that were made on behalf of members on early retiree or COBRA contracts, where the subscriber is age 55 or older and is not eligible for Medicare. The program is set to run for 3 ½ years or until the \$5 billion dollars is spent.

John Stenerson said that although we were not sure of the outcome, Bob Hunter has worked diligently on the paperwork. Through his efforts we have just received \$10.2 million for the 2009-2010 and 2010-2011 plan years. You can request reimbursement once each quarter. Our next request will be in April 2011 for claims paid in the months of February and March, 2011. We will continue to request reimbursements each quarter.

The money can be used for the following two reasons:

- To reduce the plan sponsor's plan premiums or health benefit costs;
- To reduce the amount a participant must pay for plan premiums, copayments, deductibles, coinsurance or other out-of-pocket costs, or any combination of these items.

John told the Board the money would be used to help reduce rates.

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**Value Based Purchasing Design as it Relates to Hip and Knee Replacement.** John Stenerson reviewed the Value Based Purchasing Design (VBPD) for hip and knee joint replacement procedures. John reviewed the the reasons for VBPD. He spoke of the initiative CalPERS introduced on January 1, 2011 designed to manage cost while still providing member choice and access to quality care.

John also spoke of concerns that the CalPERS initiative does not address quality. He said this can be addressed by identifying providers meeting the quality criteria of the Blue Distinction Center® program for knee and hip replacement. Blue Distinction Centers® are facilities that are recognized nationally for distinguished clinical care and processes by the Blue Cross and Blue Shield companies. Facilities earn this designation based on rigorous, evidence-based, objective criteria and input from expert physicians and medical organizations. Studies indicate that Blue Distinction Centers® have better overall outcomes and lower costs for certain procedures when compared to non-designated medical facilities. Director Pickavet asked if an option for a family travel benefit could be added in the case that there is no Blue Distinction Center® in your area. There was discussion about the process when your doctor is not associated with a hospital that is a Blue Distinction Center®. There was also a question about where you find a list of Blue Distinction Center®. Melanie Goldsmith with Blue Shield of California said there is a list of centers on the Blue Shield website.

Director Chavez commended John Stenerson for his efforts in keeping price under control and still providing a quality project.

**Additional Topics from the Board of Directors.** There were no additional topics from the Board of Directors.

**ADJOURNMENT**

There being no further business to come before the Board, motion was made by Director Cox, seconded by Director Schaeffer and carried adjourning the meeting at 2:15 p.m.

**NEXT MEETING**

The next meeting of the Board of Directors will be held **Wednesday, April 27, 2011**, at 1:00 p.m. in Conference Room 1B on the first floor of the Kern County Superintendent of Schools Office, 1300 17<sup>th</sup> Street, Bakersfield, California.

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KAREN COX, Secretary