

SISC III
HEALTH BENEFITS PROGRAM
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 27, 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, April 27, 2011, in Conference Room 1B on the 1st 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 Hearn
Steve McClain
Russell Miller
Dan Munis
Gary Pickavet
Richard Pierucci
Ernie Unruh

ALTERNATES PRESENT:

Sandy Keene
Judy Marty
John Mendiburu
Tom Valos

OTHERS PRESENT:

Jackie Brouillette
Cindy Mattern
Bonnie Bowles
Megan Hanson
John Stenerson
Jennifer Bennett
Nick Kouklis
Henry Barker
Lauri Phillips
Raquel Acebedo
Lola Nickell
Kim Lyon
Bill Hornback
Fred Bayles – Wells Fargo Advisors
Rich Edwards – Merrill Lynch
Carolyn Temple – Foundation for Med. Care
Kelly Cooper – Burnham Benefits
Charlynn - Legacy
Susan Wooden
Armen

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 March 2011 Regular Board of Directors Meeting..

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DELTA DENTAL CLAIMS	9,705,637.43		
DELTA DENTAL ASO	626,013.65		
	TOTAL DENTAL		10,331,651.08
VSP CLAIMS	853,023.24		
MES CLAIMS	152,687.96		
VSP ASO	81,605.88		
MES ASO	17,201.33		
	TOTAL VISION		1,104,518.41
ANTHEM BLUE CROSS HEALTH CLAIMS	51,574,960.87		
BLUE SHIELD HEALTH CLAIMS	5,086,316.70		
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	26,850.08		
ANTHEM BC COMPANION CARE RETIREE CLAIMS	325,295.29		
MEDCO DISCOUNT CARD CLAIMS	612,282.26		
	TOTAL HEALTH CLAIMS		57,625,705.20
ANTHEM BLUE CROSS ASO	1,536,185.72		
BLUE SHIELD PPO ASO	290,112.21		
ANTHEM BC COMPANION CARE RETIREE ASO	47,461.53		
FOUNDATION CLMS PROCESSING ASO	556,115.04		
MEDCO DISCOUNT CARD ASO	8,604.26		
	TOTAL HEALTH ASO		2,438,478.76
	TOTAL HEALTH		60,064,183.96
MEDCO CLAIMS	12,727,708.08		
AMERICAN HEALTH CARE CLAIMS	2,372,209.95		
MEDCO ASO	373,160.61		
AMERICAN HEALTH CARE ASO	61,464.60		
	TOTAL RX		15,534,543.24
<u>INSURED PRODUCTS</u>			
ANTHEM BC HMO CLAIMS	2,917,848.21		
ANTHEM BC HMO ADMIN FEE	1,692,075.21		
ANTHEM BC EAP	130,958.65		
BLUE SHIELD HMO CLAIMS	2,448,047.69		
BLUE SHIELD HMO ADMIN FEE	1,464,562.42		
KAISER HMO	3,894,052.28		
UNITED HEALTHCARE DENTAL	657.01		
DELTACARE/PMI DENTAL	3,271.78		
KAISER SENIOR ADVANTAGE RETIREE PLAN	64,878.00		

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MUTUAL OF OMAHA LIFE INS	160,701.03	
ZURICH LIFE	12,994.60	
	TOTAL INSURED	12,790,046.88
SISC FLEX CLAIMS		262,722.11
WELLNESS		249,942.10
ALL OTHER		435,334.16
	TOTAL III PAYMENTS	100,772,941.94

PUBLIC COMMENT

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending March 31, 2011, letting the Board know that there is a new line on the Income Statement for ERRP Funds. These are the funds reported upon by Robert Hunter at the March Board meeting. Year to date more than \$10 million in rebates have been secured. Because of this there is an increase in assets of \$6,475,058.73. Cindy let the Board know that longer term investments would be reported at the May meeting. Cindy reviewed the Revolving Fund Expenditures for Oct. 2010 – March 2011 of \$580.00. After discussion, motion was made by Director Unruh, seconded by Director Pierruci and carried approving the Financial Report as presented.

Value Based Purchasing Design as it Relates to Hip and Knee Replacement. John Stenerson reviewed the presentation given at the March Board meeting as an Information Item. John said the family travel benefit would only be allowed if the procedure was performed at the pre-designated facilities. After discussion motion was made by Director Cox, seconded by Director Miller, and carried that an individual can choose a provider charging up to \$30,000, but can only receive the travel benefit if the facility is from the pre-designated list.

Request Approval to Eliminate Coverage for Non-Sedating Antihistamines (NSAs). John Stenerson reported that Allegra recently has become available over-the-counter (OTC). He explained that it was the last of the blockbuster NSAs to go OTC. He said the SISC plans currently cover generic prescription NSAs as well as brand and generic NSAs. Prior to Allegra becoming available OTC, this policy made sense because it encouraged utilization of lower cost drugs. This no longer makes sense and because insurance plans typically do not pay for coverage of OTC drugs the request was made to approve the elimination of coverage for non-sedating antihistamines.

Director Pickavet concerned that an entire category could be eliminated, asked whether there were any prescription drugs in this category. After discussion, John said he would follow up on these questions and report back to the Board.

Request Approval of the 2011-2012 Dental Premiums. John Stenerson reviewed our current enrollment from March 2010 – February 2011 and the projected membership for the twelve months leading to February 2012. The Rate Committee met on April 26th and determined the PPO has been priced to low. Because of this the recommendation is to hold the rates for the Premier (Broad) Network Plans, and increase the PPO (Narrow) Network Plans by 8.2%. After discussion, motion was made by Director Pickavet, seconded by Director Chavez and carried approving the 2011-2012 dental premiums as presented.

Request Approval of the 2011-2012 Vision Premiums. John reviewed the Vision Renewal Calculation with the Board including enrollment projection and claims paid. After discussion, motion was made by Director Unruh, seconded by Director Pierucci and carried, approving the recommendation to leave the current vision rates for both carriers in place for 2011-2012.

Request Approval of the 2011-2012 Prescription Premiums. John reviewed the projected claim numbers with the Board along with providing the history of the plans. After discussion, motion was made by Director Unruh, seconded by Director Hearron, and carried approving prescription plans plan premiums as presented for 2011-2012.

Request Approval of the 2011-2012 SISC Medical Premiums. John discussed the renewal summary by pool reviewing each column to the Board and explaining the process by which the numbers are arrived. John explained that the reserves SISC has built over the years will allow SISC to use more than \$20 million dollars in reserves to help keep rates down. The ERRP funds have also allowed us to keep the rates as low as possible. After discussion, motion was made by Director Miller, seconded by Director Chavez and carried with one nay vote, authorizing an average rate change of 6.7%, ranging from 0-2% to 7-11% statewide.

Request Approval of Resolution Number One – Designate Hewlett Packard Brand Storage, Server, and Network Interface Products. Director Bigler reminded the Board of the three year process the Continuity of Operations Plan (COOP) has been through. He told them currently the SISC server and storage hardware are based on the KCSOS technology infrastructure. KCSOS has, for years, used Hewlett-Packard (HP) equipment. To keep maximum compatibility with the existing infrastructure, SISC will continue to utilize the KCSOS HP gear that has been running application, file, and print servers for the past 10-12 years. He explained this equipment is the subject of the resolution due to its reliability and because it is guaranteed to be compatible with the existing storage and server hardware. After discussion, motion was made by Director Pickavet, seconded by Director Unruh and carried authorizing Hewlett-Packard as the SISC standard for racking, storage, server and network interface products.

INFORMATION AND DISCUSSION ITEMS

Monthly SISC PPO Claims History Through March 2011. John Stenerson reviewed the SISC PPO claims history through March 2011, discussing our year over year change of 4.1%. He pointed out the paragraph added to the bottom of the page, stating that while the Medical Claims History is a helpful look at the past, it is not necessarily an indicator of the future. John went on to review the Comparison of Budget to Actual. He reviewed three year-end scenarios, each with ERRP refunds figured in and without the ERRP funds.

Discuss the May Board Meeting and Vendor Fair. Director Bigler discussed the May Board Meeting and Vendor Fair taking place at the Stockdale Country Club on May 19th and 20th. He reviewed the schedule of events as follows:

Thursday, May 19, 2011	3:00 p.m.	SISC III Board Meeting
	4:00 p.m.	SISC II Board Meeting
	5:00 p.m.	SISC I Board Meeting
	6:00 p.m.	Reception and Vendor Fair
	7:00 p.m.	Dinner
Friday, May 20, 2011	7:30 – 9:30 a.m.	SISC I, II, and III Board Meeting and Program (Breakfast Served)

Mention the Justice Department has Appealed a Ruling by Judge Roger Venson. Director Bigler reminded the Board that he shared an article a month or so ago about U.S. District Judge Roger Venson of Florida ruling that the President's entire health care overhaul is unconstitutional. He reminded the Board that he had mentioned the Justice Department would appeal that decision and shared this newspaper article mentioning that appeal.

Show the Board a Newspaper Article on the Cost of Developing New Drugs. Director Bigler presented this article about "Big Pharma", the drug companies who develop and manufacture drugs. He said the largest amount of money spent by these companies is paid to lobbyists.

Show the Board a Newspaper Article Concerning California's Two Health Insurance Regulators. Director Bigler spoke about the two different agencies supervising healthcare for the State of California. The Department of Managed Health Care (DMHC) is an agency under the Governor and supervises HMOs and some PPOs. This department has approved regulations that keep the patient out of the middle when there are balanced bill situations between the provided and the insurance company.

The Department of Insurance under the supervision of State Insurance Commissioner, Davy Jones has not approved these regulations relating to balanced bill situations. Director Bigler said the last two paragraphs talk about merging the two departments which would be great for patients, keeping them out of the middle in these situations.

Show the Board an E-mail Concerning an Update to the Adult Children Health Care Tax Law Conformity. Director Bigler shared an update about this subject with the Board.

Additional Topics from the Board of Directors will be Heard. Director Pickavet asked about CECHCR (California Education Coalition for Health Care Reform), Director Bigler said the committee was too late to have legislation passed this year, but they will try next year. He said, in the meantime, a team consisting of Michael Hulsizer, Larry Reider and Russ will be exploring the legislation and how it affects SISC.

Director Bigler spoke with the Board about forming JPAs with private schools. He said we have Charter Schools in our JPA, but our JPA documents do not allow us to bring in private schools. He believes this may be the next area of growth. He said Frank Fekete can take a look at the JPAs and determine how we need to revise them. Director Pickavet said he thought it was a good idea, as long as we have a right to accept or reject the school. Director Hearn asked if we are getting more requests from private schools, Director Bigler said we are getting more requests. Director Unruh suggested we use the Western Association of Schools and Colleges (WASC) as our standard.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Caudle, seconded by Director Pierucci and carried adjourning the meeting at 2:44 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Thursday, May 19, 2011**, at 3:00 p.m. at the Stockdale Country Club in Bakersfield California.

KAREN COX, Secretary