

SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
WEDNESDAY, DECEMBER 16, 2009
1:00 P.M.

M I N U T E S

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 16, 2009, 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
Dan Munis
Gary Pickavet
Richard Pierucci
Dennis Scott
Ernie Unruh

ALTERNATES PRESENT:

Judy Marty
John Mendiburu
Tom Valos

OTHERS PRESENT:

Cherie Payne
Cindy Mattern
Bonnie Bowles
Jennifer Bennett
John Stenerson
Judy Fussel – Buckman Mitchell
Steve Bargeon – Tulare/Kings Foundation
Megan Hanson
Fred Bayles – Wachovia Securities
Rich Edwards – Merrill Lynch
Raquel Acebedo
Melanie Goldsmith – Blue Shield
Henry Barker
Lola Nickell
Dan Bly – Delta Dental
JoeAnna Miller – Buckman Mitchell
Lorena Flores – Blue Shield
Michele Simpson – Blue Shield

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 2009 Regular Board of Directors Meeting.

Report of Activity for the Month of November 2009 and Ratification of Payment as follows:

DELTA DENTAL CLAIMS	4,590,912.65	
DELTA DENTAL ASO	301,163.87	
TOTAL DENTAL		\$4,892,076.52
VISION SERVICE CLAIMS	639,479.49	
MES CLAIMS	52,262.32	
VSP ASO	86,070.12	
MES ASO	11,402.71	
TOTAL VISION		\$789,214.64
ANTHEM BLUE CROSS HEALTH CLAIMS	37,366,928.92	
BLUE SHIELD HEALTH CLAIMS	5,908,198.47	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	237,530.39	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	189,638.53	
MEDCO DISCOUNT CARD CLAIMS	59,519.64	
TOTAL HEALTH CLAIMS	43,761,815.95	
ANTHEM BLUE CROSS ASO	1,339,956.49	
BLUE SHIELD ASO	151,132.91	
ANTHEM BC BEHAVIORAL HEALTH ASO	161,551.13	
ANTHEM BC COMPANION CARE RETIREE ASO	45,496.50	
FOUNDATION CLMS PROCESSING ASO	550,246.32	
MEDCO DISCOUNT CARD ASO	1,187.48	
TOTAL HEALTH ASO	2,249,570.83	
TOTAL HEALTH		46,011,386.78
MEDCO CLAIMS	10,768,093.31	
AMERICAN HEALTH CARE CLAIMS	1,940,018.78	
MEDCO ASO	247,203.51	
AMERICAN HEALTH CARE ASO	54,830.10	
TOTAL RX		13,010,145.70
INSURED PRODUCTS		
ANTHEM BC HMO CLAIMS	425,255.84	
ANTHEM BC HMO ADMIN FEE	500,231.16	
BLUE SHIELD HMO CLAIMS	375,466.18	
BLUE SHIELD HMO ADMIN FEE	656,458.68	
AETNA HMO	1,292,943.64	
HEALTH NET HMO	350,596.00	
KAISER HMO	2,941,645.32	
PACIFICARE BEHAVIORAL HEALTH	508,975.05	
CIGNA BEHAVIORAL HEALTH	15,768.70	
UNITED HEALTH CARE DENTAL	826.42	
DELTACARE/PMI DENTAL	3,990.91	
KASIER SENIOR ADVANTAGE RETIREE PLAN	53,025.00	

**SISC III BOARD MEETING
WEDNESDAY, DECEMBER 16, 2009
PAGE 3**

HEALTH NET SENIORITY PLUS RETIREE PLAN	52,925.00	
AETNA INSURED PPO	58,094.65	
BLUE SHIELD INSURED PPO	0.00	
HEALTH NET INSURED PPO	0.00	
MUTUAL OF OMAHA LIFE	126,025.74	
ZURICH LIFE	12,427.80	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$7,374,656.09
SISC FLEX CLAIMS	136,421.41	
STOP LOSS - VISTA UNDERWRITING PARTNERS	0.00	
WELLNESS	70,085.00	
ALL OTHER	154,348.23	
TOTAL SISC III PAYMENTS		\$72,438,334.37

PUBLIC COMMENT

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending November 30, 2009. Cindy pointed out that the LAIF rate for the month of November was 0.61%. Cindy mentioned the LAIF report shows the current rate as lower than it has ever been. Cindy let the Board know that LAIF offers more liquidity and easier access to our money than other options, but we would continue to keep an eye on the situation and move more funds if we feel it's necessary. Cindy reported that investments are looking good for the quarter ending in December. Cindy let the Board know we are on track to use the reserves we had planned to this year. Cindy also mentioned that next month the Board would see an adjustment to the "Unpaid Claims Liability" line due to our desire to be a little less conservative because of how quickly claims are now being processed. We simply do not require as much Unpaid Claims Liability as we once did. It was noted, this change should assist with our rate setting next year. After discussion, motion was made by Director Pickavet, seconded by Director Cox and carried approving the Financial Report as presented.

Approval of the 2010 Defined Benefit Budget. Director Bigler provided a background on the history of the Defined Benefit program and the success of the plan with the Board. Cindy Mattern further 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 Scott, seconded by Director Mendiburu and carried approving the 2010 Defined Benefit Budget.

Request Approval to Charge Vista Del Mar Union School District .19 cents per Thousand for Life Insurance. Director Bigler reviewed the background of this situation that was discussed at the last Board Meeting along with the timeline of events that led up to it. After discussion, motion was made by Director Scott, seconded by Director Caudle, abstained by Director Pickavet and carried approving the charge to Vista Del Mar of .19 cents per Thousand for Life Insurance.

INFORMATION AND DISCUSSION ITEMS

Monthly SISC PPO Trend History Through November 2009 John Stenerson reviewed the monthly SISC PPO Trend history through November 2009. John let the Board know we have lost membership, in part to losing Barstow Unified, but also due to lay-offs. Our current year over year number of 9.3% is the highest we have seen in several years, and will need to be taken in to effect when rates are set. There does seem to be a trend occurring.

Show the Board a Newspaper Article on Various Aspects of the Health Care Bill. Director Bigler reviewed this article with the Board and discussed several interesting points being considered such as a \$2,500 cap on annual contributions to flexible spending accounts and a 40% excise tax included in the price of insurance.

Show the Board the 2010 Defined Benefit Contribution Rate Letter. Director Bigler reviewed the letter that was sent out to Defined Benefit Plan Member Districts and reviewed the 2010 Defined Benefit Contribution Rate.

Mention Present and Future Anthem Blue Cross Contracts. Director Bigler let the Board know that Anthem Blue Cross and Emanuel Medical Center have agreed to a five-year contract, and there have been contracts negotiated with several other important SISC member provider hospitals. Director Bigler discussed how the Anthem team believes Bakersfield will be their hottest area soon because in April all the Adventist Hospital contracts are up for renewal, and in July the Catholic Health Care West chain is up for renewal.

Update the Board on the Federal Law Concerning Behavioral Health Parity. Director Bigler informed the Board that new Legislation has been passed that will affect SISC Behavioral Health Plans starting 10/01/2010. John Stenerson explained that the Legislation dictates that Behavioral Health Plans cannot be more restrictive than the normal health care plan. John discussed how the most effective way to be compliant with this legislation is to eliminate the carve-out products we currently have and instead have all mental health care provided as part of the medical plan design. The Board was made aware that this is just an information item at this point, and changes will be brought back to the Board for action later.

Update the Board on the Activities of CECHCR. Director Bigler discussed a letter and attachment meant for Superintendents to sign requested by CECHCR. Russ discussed how CECHCR is hoping to get the signatures of each Superintendent agreeing that their health care plans will do everything in their power to maintain current costs and levels of health care programs. Several Board Members voiced concern over the wording due to the fact that SISC is Self-Insured and Superintendents don't have the power to control costs that are instead determined by the cost of claims. Several Board Members discussed concerns that in signing this document, they may confuse employees in to believing their personal out-of-pocket expenses will not go up in the coming year. Director Bigler suggested revising the letter in a way that would address the Board's concerns, and bringing it back for approval next month.

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

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Caudle, seconded by Director Scott and carried adjourning the meeting at 2:00 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, January 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.