

**SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
AUGUST 20, 2008 - 1:00 P.M.**

A G E N D A

I. CONSENT CALENDAR

A.	Approval of Minutes for July 2008 Board of Directors Meeting		Russell Bigler
B.	Report of Activity for the Month of July 2008 and ratification of payment as follows:		Russell Bigler
	DELTA DENTAL CLAIMS	6,714,846.59	
	SISC ASO	440,493.95	
	DENTAL COALITION CLAIMS	1,201,431.11	
	DENTAL COALITION ASO	78,813.88	
	DELTACARE/PMI PREMIUM	3,955.04	
	TOTAL DENTAL		\$8,439,540.57
	VISION SERVICE CLAIMS	1,213,764.45	
	VSP ASO	92,170.18	
	MES CLAIMS	34,851.95	
	MES ASO	4,388.94	
	TOTAL VISION		\$1,345,175.52
	PACIFICARE/BEHAV HEALTH	462,652.32	
	CIGNA BEHAV. HEALTH (MCC SLECT)	16,897.54	
	SECURE HORIZONS PREM (PACIFICARE)	6,300.00	
	SENIOR ADVANTAGE PREM (KAISER)	39,552.20	
	SENIORITY PLUS PREM (HEALTHNET)	36,836.00	
	BLUE SHIELD HMO PREMIUM	497,112.35	
	BLUE SHIELD FULLY INSURED PPO	15,136.12	
	HEALTH NET PREMIUM	1,709,726.71	
	CALIFORNIA CARE PREMIUM	1,014,698.00	
	KAISER PREMIUM	2,698,439.20	
	UNITED HEALTHCARE (FORMERLY PACIFIC UNION DENTAL)	1,576.40	
	UNITED HEALTHCARE SPECIALTY BENEFITS (LIFE)	140,790.01	
	NAT'L BENEFIT RESOURCES (STOP LOSS)	56,154.75	
	BLUE CROSS HEALTH CLAIMS	40,520,882.88	
	BLUE SHIELD HEALTH CLAIMS	5,163,252.30	
	BEHAVIORAL HEALTH CLAIMS	408,680.47	
	ITS CLAIMS	1,370,468.46	
	COMPANION CARE CLAIMS	184,797.85	
	TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$47,648,081.96

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BLUE CROSS NETWORK ASO	1,305,393.89	
FOUNDATION ADJUDICATION ASO	562,283.28	
BLUE SHIELD ASO	170,342.70	
BEHAVIORAL HEALTH ASO	158,554.26	
ITS ASO	80,554.73	
COMPANION CARE ASO	32,180.43	
TOTAL BLUE CROSS AND BLUE SHIELD ADMIN.		\$2,309,309.29
TOTAL BLUE CROSS AND BLUE SHIELD		\$49,957,391.25
MERCK CLAIMS	9,841,554.07	
ASO-COPAY	277,470.02	
CLAIMS - DISCOUNT CARD	60,890.80	
ASO - DISCOUNT CARD	2,284.24	
CLAIMS - MEDICARE PART D	349,421.66	
ASO - MEDICARE PART D	10,596.17	
AHC - CLAIMS	2,079,380.00	
AHC - ASO	81,983.60	
TOTAL RX CLAIMS		\$12,703,580.56
TOTAL BC, BSC AND RX		\$62,660,971.81

II. PUBLIC COMMENT

III. ACTION ITEMS

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|---|---------------|
| A. Financial Report - Financial Statements For Prior Month Presented For Approval | Cindy Sproles |
| B. Request Approval of the 2008-2009 SISC GASB 45 Budget | Cindy Sproles |

IV. DISCUSSION AND INFORMATION ITEMS

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|--|----------------|
| A. Monthly SISC PPO Trend History Through July 2008 | John Stenerson |
| B. Provide Each Board Member With List of All Board Members | Russell Bigler |
| C. Update the Board on SISC's Verification of Eligibility Audit | Russell Bigler |
| D. Update the Board on the Retiree Drug Subsidy Revenue | John Stenerson |
| E. Show the Board a Letter from Kaiser and the DMHC on Balance Billing | Russell Bigler |
| F. Show the Board an Article from the <u>Insurance Journal</u> | Russell Bigler |
| G. Show the Board an Article from the <u>L.A. Times</u> | Russell Bigler |

SISC III HEALTH BENEFITS TERMINOLOGY

Adjudication: Determination of the amount of payment for a claim.

Administrative Services Only (ASO): An arrangement under which an insurance carrier or an independent organization will, for a fee, handle the administration of claims, benefits and other administrative functions for a self-insured group but does not assume any financial risk for the payment of benefits.

Adverse Events/Never Events: Accidents that happen in hospitals that are considered preventable.

Balance bill: Refers to the leftover sum that a provider bills to the patient after insurance has only partially paid the charge that was initially billed.

Best of Both Worlds Service: An American board-certified surgeon(s) travels with the patient to perform procedures overseas.

Calendar Year Deductible: The dollar amount for covered services that must be paid during the calendar year (January 1 – December 31) by members before any benefits are paid by the Plan.

Centers of Expertise (COE) Network: The network of health care providers that have entered into contracts with the carrier and/or one or more of its affiliates. These providers have agreed to participate in a transplant program or other designated specialty program that is/are to be based upon the member's benefit agreements.

Coinsurance: An arrangement under which the member pays a fixed percentage of the cost of medical care after the deductible has been paid. For example, an insurance plan might pay 80% of the allowable charge, with the member responsible for the remaining 20%, which is then referred to as the coinsurance amount.

Coinsurance Maximum: The total amount of coinsurance that an individual pays each year before the carrier pays 100% of allowable charges for covered services. Coinsurance amounts differ with each contract.

Condition Care: Helps promote and improve the overall health status and quality of life of members and helps promote and/or prevent disease progression and avoid and/or prevent the complications associated with the conditions.

Coordination of Benefits: The anti-duplication provision to limit benefits for multiple group health insurance in a particular case to 100% of the covered charges and to designate the order in which the multiple carriers are to pay benefits. Under a COB provision, one Plan is determined to be primary and its benefits are applied to the claim. The unpaid balance is usually paid by the secondary Plan to the limit of its liability.

Co-Payment: The fixed dollar amount a patient pays for a medical service.

Deductible: An amount the covered person must pay before payments for covered services begin. The deductible is usually a fixed amount. For example, an insurance plan might require the insured to pay the first \$250 of covered expense during a calendar year.

Dependent: Person, (spouse or child), other than the subscriber who is covered under the subscriber's benefit certificate.

Employee Assistance Program (EAP): A worksite-based program that is designed to assist in the identification and resolution of productivity problems associated with personal concerns of employees. The program provides employees and their dependents with access to confidential, short-term counseling by qualified practitioners, in person or over the phone.

Explanation of Benefits (EOB): A form sent to the covered person after a claim for payment has been processed by the carrier that explains the action taken on that claim. This explanation might include the amount that will be paid, the benefits available, reasons for denying payment, or the claims appeal process.

Flexible Spending Account: Accounts that let workers set aside pre-tax money from their paycheck toward premiums or costs not covered by their health plan, such as co-payments. All the money must be used within the plan year or it is lost.

Health Assessment – More companies are asking workers to fill out such assessments, which give health improvement tips. Companies can give workers financial incentives to do so.

Health Insurance Portability and Accountability Act (HIPAA): A federal health benefits law passed in 1996, effective July 1, 1997, which among other things, restricts pre-existing condition exclusion periods to ensure portability of health-care coverage between plans, group and individual; requires guaranteed issue and renewal of insurance coverage; prohibits plans from charging individuals higher premiums, co-payments, and/or deductibles based on health status.

Health Maintenance Organization (HMO): An organization that provides a wide range of comprehensive health care services for a specified group at a fixed periodic payment; a prepaid health care plan under which people may enroll by paying a set annual fee. Members then receive all the medical services they need through a group of contracting doctors and hospitals, often with no additional co-payments or fees. Members are generally limited to using providers designated by the HMO.

Health Savings Account: The accounts are paired with a high deductible. Employees can fund these accounts, tax-free, to help offset the deductible. Employers can also fund such plans. Money not used within the plan year is rolled over to the next year.

ID Card/Identification Card: A card issued by a carrier to a covered person, which allows the individual to identify himself or his covered dependents to a provider for health care services. The card is subsequently used by the provider to determine benefit levels and to prepare billing statement.

IBNR: An acronym for "incurred but not reported". This is an accounting estimate used by health plans to accrue for care that was provided "incurred" in one accounting period, but not paid or "reported" until another accounting period.

In-Network: Refers to the use of providers who participate in the carrier's provider network. Many benefit plans encourage covered persons to use participating (in-network) providers to reduce the individual's out of pocket expense.

Lifetime Maximum: Maximum amount the plan will pay toward a member's coverage in a lifetime.

Medical Tourism: To have medical care outside the United States.

Medigap: A private insurance policy purchased by many of the elderly to pay for expenses not covered by Medicare.

Negotiated Rate: The amount participating providers agree to accept as payment in full for covered services. It is usually lower than their normal charge. Negotiated rates are determined by Participating Provider Agreements.

Open Enrollment: For employers with a dual or multiple choice of health plans, the annual time period in which employees can select among the plans offered.

Out-Of-Network: The use of health care providers who have not contracted with the carrier to provide services. HMO members are generally not reimbursed if they go out-of-network except in emergency situations. Covered persons of preferred provider organizations and HMOs with point-of-service options may go out-of-network, but must pay additional costs including deductibles and co-insurance.

Participating Provider: A physician, hospital, pharmacy, laboratory or other appropriately licensed provider of health care services or supplies, that has entered into an agreement with a managed care entity to provide such services or supplies to a patient enrolled in a health benefit plan.

Pre-Authorization: A procedure used to review and assess the medical necessity and appropriateness of elective hospital admissions and non-emergency outpatient services before the services are provided.

Preferred Provider Organization (PPO): A type of managed care organization that has a panel of preferred providers who are paid according to a discounted fee schedule. The enrollees do have the option to go to out-of-network providers at a higher level of cost sharing.

Reasonable and Customary: The amount customarily charged for the service by other physicians in the area (often defined as a specific percentile of all charges in the community) and the reasonable cost of services for a given patient after medical review of the case. Also known as Usual and Customary (U&C) or Customary and Reasonable (C&R).

Skilled Nursing Facility: An institution (or a distinct part of an institution) that is primarily engaged in providing skilled nursing care and related services for patients who require medical care, nursing care or rehabilitation services.

Subscriber: The individual in whose name a contract is issued or the employee covered under an employer's group health contract.

Transparency. With regard to medical care it means: The ability for patients to have easy access to understandable information about the cost and quality of their health care options. They should be able to obtain this information from their health plan and medical providers prior to the time of treatment.



August 20, 2008

TO: SISC III Board of Directors

FROM: Russell E. Bigler, Chief Executive Officer
Insurance Services

SUBJECT: Request Approval of the 2008-2009 SISC GASB 45 Budget

BACKGROUND INFORMATION

The 2008-2009 SISC GASB 45 budget will be presented at the Board Meeting.

ADMINISTRATIVE RECOMMENDATION

It is respectfully requested that the Board approve the 2008-2009 SISC GASB 45 budget as presented.

REB:clp

P. O. Box 1847 ♦ Bakersfield, CA 93303-1847 ♦ <http://www.kern.org/sisc/>
1300 17th Street - CITY CENTRE ♦ Bakersfield, CA ♦ (661) 636-4710 ♦ FAX (661) 636-4156

A Joint Powers Authority administered by the Kern County Superintendent of Schools Office, Larry E. Reider, Superintendent

SISC III INFORMATION ITEMS

- A. **Monthly SISC PPO Trend History Through July 2008.** John Stenerson will review the monthly SISC PPO Trend history through July 2008.

- B. **Provide Each Board Member With a List of All Board Members.** (See attached list.)

- C. **Update the Board on SISC's Verification of Eligibility Audit.** Bob Hunter will discuss this at the Board Meeting.

- D. **Update the Board on the Retiree Drug Subsidy Revenue.** Someone from this department will go over the attachments at the meeting. Districts that qualified and applied are now getting their Retiree Drug Subsidy money for 2006 transferred electronically from Medicare to their designated bank accounts. It totals several hundred thousand dollars.

- E. **Show the Board a Letter from Kaiser on Balance Billing.** I have shown you information and discussed this concept at the last two Board Meetings. Here is a letter from Kaiser and a press release from DMHC letting their clients know what they are doing as far as it relates to Prime Healthcare. This should cause other hospitals throughout the State to think twice about pursuing reimbursement from other carriers.

- F. **Show the Board an Article from the Insurance Journal.** We work with several brokers in geographic areas throughout the state. However, the Health and Welfare Benefits Division of Alliant Insurance Services is the broker we work with on a statewide basis.

- G. **Show the Board an Article from the L.A. Times.** After failing to pass a single payor or universal health plan, California is now looking to rein in the consumer-unfriendly market for individual health insurance. Neither one of these bills will effect SISC members, but the limited scope of the article is interesting.

- H. **Comments From the Board of Directors.** Comments from members of the Board will be heard at this time.