

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, JANUARY 20, 2010 1:00 P.M.

MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order at 1:05 p.m. on Wednesday, January 20, 2010, 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
Karen Cox
Brian Hawkins
Kip Hearron
Steve McClain
Gary Picakvet
Dennis Scott

ALTERNATES PRESENT:

Paul Baxter
Judy Marty

OTHERS PRESENT:

Cherie Payne
Cindy Mattern
Bonnie Bowles
Jennifer Bennett
John Stenerson
Megan Hanson
Judy Fussel – Buckman Mitchell
JoeAnna Miller – Buckman Mitchell
Rich Edwards – Merrill Lynch
Julie Coleman
Lola Nickell
Dan Bly – Delta Dental
Carolyn Temple – Kern Foundation
Lauri Phillips
Raquel Acebedo
Melanie Goldsmith

CONSENT CALENDAR

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

Minutes. Minutes for the December 2009 Regular Board of Directors Meeting.

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

DELTA DENTAL CLAIMS	5,810,115.19	
DELTA DENTAL ASO	381,143.46	
TOTAL DENTAL		\$6,191,258.65
VISION SERVICE CLAIMS	641,521.67	
MES CLAIMS	57,673.95	
VSP ASO	86,431.46	
MES ASO	11,741.97	
TOTAL VISION		\$797,369.05
ANTHEM BLUE CROSS HEALTH CLAIMS	45,558,185.36	
BLUE SHIELD HEALTH CLAIMS	6,332,878.94	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	359,952.55	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	242,317.42	
MEDCO DISCOUNT CARD CLAIMS	50,341.20	
TOTAL HEALTH CLAIMS	52,543,675.47	
ANTHEM BLUE CROSS ASO	1,353,663.83	
BLUE SHIELD ASO	162,524.17	
ANTHEM BC BEHAVIORAL HEALTH ASO	160,915.24	
ANTHEM BC COMPANION CARE RETIREE ASO	45,594.50	
FOUNDATION CLMS PROCESSING ASO	549,656.64	
MEDCO DISCOUNT CARD ASO	1,559.84	
TOTAL HEALTH ASO	2,273,914.22	
TOTAL HEALTH		54,817,589.69
MEDCO CLAIMS	11,515,446.25	
AMERICAN HEALTH CARE CLAIMS	2,039,105.43	
MEDCO ASO	289,635.22	
AMERICAN HEALTH CARE ASO	57,638.00	
TOTAL RX		13,901,824.90
INSURED PRODUCTS		
ANTHEM BC HMO CLAIMS	684,725.13	
ANTHEM BC HMO ADMIN FEE	492,698.78	
BLUE SHIELD HMO CLAIMS	1,167,679.37	
BLUE SHIELD HMO ADMIN FEE	177,576.06	
AETNA HMO	1,155,794.75	
HEALTH NET HMO	337,858.65	
KAISER HMO	2,830,150.50	
PACIFICARE BEHAVIORAL HEALTH	505,155.60	
CIGNA BEHAVIORAL HEALTH	16,232.20	
UNITED HEALTH CARE DENTAL	926.11	
DELTACARE/PMI DENTAL	3,936.24	
KASIER SENIOR ADVANTAGE RETIREE PLAN	52,852.00	
HEALTH NET SENIORITY PLUS RETIREE PLAN	50,555.00	
AETNA INSURED PPO	55,730.14	
BLUE SHIELD INSURED PPO	0.00	
HEALTH NET INSURED PPO	0.00	
MUTUAL OF OMAHA LIFE	127,301.57	
ZURICH LIFE	12,418.60	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$7,671,590.70

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SISC FLEX CLAIMS	230,916.64	
STOP LOSS - VISTA UNDERWRITING PARTNERS	0.00	
WELLNESS	256,500.00	
ALL OTHER	411,793.21	
TOTAL SISC III PAYMENTS		\$84,278,842.84

PUBLIC COMMENT

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending December 31, 2009. She advised the Board that the LAIF rate is at 0.57%. Cindy let the board know we are not where we expected to be at this point in the year and we are on track to burn more reserves than we had planned for. Longer term investments will be reported next month, and it looks like they will be positive. After discussion, motion was made by Director Hawkins, 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 2009. John Stenerson reviewed the claims history with the Board and discussed our year over year change of 9.4%. John discussed how things started to pick up in September after holding steady for a long time in the 6's. John reviewed the new "Budget to Actual" form for the board and discussed where our program is currently. With trend picking up, we anticipate using a greater amount of reserves than we originally planned. John let the board know these developments will have to be taken in to consideration when 2010-2011 rates are set.

John also provided the board with some background around prescription drug changes previously made by SISC including Preferred Drug Step Therapy and Member Pays the Difference, and provided the financial results of the implementation. John discussed the high cost of prescription drugs, particularly around brand medication and reviewed with the board the process that occurs when a drug goes off patent. John mentioned that we typically make plan changes effective in October, but in the future it might be more beneficial to make the changes to our plans as the drugs go off patent. John discussed the possibility of implementing step therapy for Angiotensin Receptor Blockers in the future due to our past success with implementation of step therapy. Director Pickavet mentioned the importance of continuing to have these decisions approved by the board and John and Director Bigler confirmed that would continue to be the process.

Show the Board a Summary of SISC's Annual Review of Our Prescription Drug Program. John Stenerson reviewed the trend analysis of our Consumer Share Plan and the rest of our RX plans combined, including utilization, drug mix, discounts and cost share.

Show the Board 2010-2011 Plan Savings and Options. John Stenerson reviewed a possible cost savings measure with the board involving changing how we cover Proton Pump Inhibitors. John reviewed the numbers and let the board know this is not something we have planned, but wanted to provide the information to the board for their knowledge.

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 actual Dental, Vision and Life rates in March, as well as estimates for Medical and RX, but will need until May to give out actual rates for Medical and RX.

Update the Board on the “Update on CECHCR Activity” Memo. Director Bigler let the board know that based on the input he received at the last board meeting, he has decided to hold off on sending this memo out to districts for the time being. Director Bigler told the board he would bring a sample revised memo back to the board before sending anything out.

Discuss the Annual Board Meeting. Director Bigler discussed the SISC Annual Board Meeting with the board and let them know it was our intent to have the meeting in Bakersfield again this year, unless the board disagreed. The Board agreed that, under the circumstances, it was the best thing to do. Director Bigler let the Board know the dates of the meeting will be May 20th and 21st, 2010, and we will hold the meeting at the Kern County Museum with more information to follow.

Discuss Billing Districts on a “Pay as Billed” Basis. Director Bigler provided background on this subject for the board and then turned it over to Cindy Mattern. Cindy discussed the billing problems that can occur as a result of districts paying what they believe they “owe” vs. what SISC is billing them for. With employees constantly being added or deleted from benefits, the amount owed continues to change and it’s easy for the district to become out of balance. Julie Coleman reviewed a billing statement with the board and described some of the events that can occur to cause districts to become out of balance, and how difficult it can be to then go back and determine what happened. SISC is requesting to have districts pay what the bill says is owed and then contact SISC for any changes and allow those changes to be reflected on next months bill. Cindy confirmed that all the other carriers we spoke with handle billing in this manner, and we believe it is industry standard. Cindy let the board know we have already discussed this with the Kern County Payroll Group and they are eager to begin. Director Bigler suggested the board members go back to their sites and discuss this subject with the employees who handle payment of the bill, and we would bring this item back as an action item next month.

Comments From the Board of Directors. There were no comments 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 Scott and carried adjourning the meeting at 2:19 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, February 17, 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.

DAN MUNIS, Secretary/Treasurer