

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING WEDNESDAY, MARCH 24, 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, March 24, 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:

Russ Bigler
John Caudle
Eva Chavez
Karen Cox
Brian Hawkins
Kip Hearron
Steve McClain
Russell Miller
Dan Munis
Gary Pickavet
Dennis Scott
Ernie Unruh

ALTERNATES PRESENT:

Judy Marty
Tom Valos

OTHERS PRESENT:

Cherie Payne
Cindy Mattern
Bonnie Bowles
Jennifer Bennett
John Stenerson
Megan Hanson
Raquel Acebedo
Judy Fussell – Buchman Mitchell
JoeAnna Miller – Buchman Mitchell
Dan Bly – Delta Dental
Fred Bayles – Wells Fargo Advisors
Rich Edwards – Merrill Lynch
Steve Bargeon – Tulare/Kings Foundation
Kelly Cooper – Burnham Benefits
Lola Nickell
Lauri Phillips
Julie Coleman
Lori Howell – Kern Foundation
Jeanne Simpson – Kern Foundation
Members of the Public (**See Attached**)

CONSENT CALENDAR

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

Minutes. Minutes for the February 2010 Regular Board of Directors Meeting.

Jana Brown Soft City

Geoff Fardis KCSOS

Mitch Olson KHSD

Fori R Howell Foundation-Kern

Jeanne Simpson Foundation - Kern

Angela Shultz H.

Arila Bramlette PBVTA

Del Gardner Citizen

Joe Funder returned

Bill Packer CalRTA Area VI Ins.

DAN Bly - DEOTA

Luis Castellanoz - Tulare City Schools, Superintendent

TURNER HOUSTON HOUSTON INS. SERVICES

Susan Jean Wooden KHSD classified

Paula VanAuken Greenfield Educators Association

Danielle Stigthans Greenfield Educator's Association

Joy Lynn Baker Standard School District

Belinda Taylor Standard School District

Oristo P. Urzua KCSOS / AH. Ed.

Report of Activity for the Month of February 2010 and Ratification of Payment as follows:

DELTA DENTAL CLAIMS	6,912,348.59	
DELTA DENTAL ASO	453,450.04	
TOTAL DENTAL		\$7,365,798.63
VISION SERVICE CLAIMS	962,417.31	
MES CLAIMS	68,755.06	
VSP ASO	86,552.50	
MES ASO	11,756.12	
TOTAL VISION	11,756.12	\$1,129,480.99
ANTHEM BLUE CROSS HEALTH CLAIMS	40,217,203.18	
BLUE SHIELD HEALTH CLAIMS	6,976,168.49	
ANTHEM BC BEHAVIORAL HEALTH CLAIMS	302,410.46	
ANTHEM BC COMPANION CARE RETIREE CLAIMS	301,844.61	
MEDCO DISCOUNT CARD CLAIMS	69,572.75	
TOTAL HEALTH CLAIMS	47,867,199.49	
ANTHEM BLUE CROSS ASO	1,458,164.31	
BLUE SHIELD ASO	162,083.91	
ANTHEM BC BEHAVIORAL HEALTH ASO	164,307.36	
ANTHEM BC COMPANION CARE RETIREE ASO	45,594.50	
FOUNDATION CLMS PROCESSING ASO	555,950.81	
MEDCO DISCOUNT CARD ASO	1,220.63	
TOTAL HEALTH ASO	2,387,321.52	
TOTAL HEALTH		50,254,521.01
MEDCO CLAIMS	12,264,012.98	
AMERICAN HEALTH CARE CLAIMS	1,807,144.07	
MEDCO ASO	266,714.51	
AMERICAN HEALTH CARE ASO	53,366.00	
TOTAL RX		14,391,237.56
INSURED PRODUCTS		
ANTHEM BC HMO CLAIMS	895,639.35	
ANTHEM BC HMO ADMIN FEE	563,970.34	
BLUE SHIELD HMO CLAIMS	962,106.74	
BLUE SHIELD HMO ADMIN FEE	15.40	
AETNA HMO	1,036,400.60	
HEALTH NET HMO	346,124.07	
KAISER HMO	2,864,542.46	
PACIFICARE BEHAVIORAL HEALTH	507,963.90	
CIGNA BEHAVIORAL HEALTH	16,093.30	
UNITED HEALTH CARE DENTAL	868.92	
DELTACARE/PMI DENTAL	3,608.22	
KASIER SENIOR ADVANTAGE RETIREE PLAN	51,812.90	
HEALTH NET SENIORITY PLUS RETIREE PLAN	47,395.00	
AETNA INSURED PPO	57,656.83	
BLUE SHIELD INSURED PPO	0.00	
HEALTH NET INSURED PPO	0.00	
MUTUAL OF OMAHA LIFE	128,671.76	
ZURICH LIFE	12,560.60	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$7,495,430.39

**SISC III BOARD MEETING
WEDNESDAY, MARCH 24, 2010
PAGE THREE**

SISC FLEX CLAIMS	176,824.38	
STOP LOSS - VISTA UNDERWRITING PARTNERS	0.00	
WELLNESS	350,744.50	
ALL OTHER	579,035.27	
TOTAL SISC III PAYMENTS		\$81,743,072.73

PUBLIC COMMENT

Director Bigler opened the floor for public comment. Belinda Taylor with Standard School reviewed the job duties of teachers with the board and discussed the hardship that would result if rates or benefits were changed. Jeri Baker with Standard School read a letter written by Paula Woodard, also with Standard, that echoed Ms. Taylor's statement. A few retirees spoke on the potential effects of high insurance rates and discussed insurance company's large profits. Director Bigler reviewed for the board, and the guests in attendance, the financial statements and discussed how the rates being discussed right now are for claims that will be incurred 7 to 18 months from now. Because of that, Director Bigler let the group know that medical rates would not be discussed until the April board meeting to allow more time to ensure greater accuracy.

Director Bigler discussed the figures on the Income Statement and Balance Sheet and let the group know that although there is a surplus showing, it is far less than we expected to be at this point in the year. Director Bigler informed the group about SISC's plan last year to use reserves in an effort to help districts, and provided an explanation about funding stabilization reserves and claims run-out. Cindy Mattern discussed how reserves are there to protect SISC in the event that claims go higher than expected. Director Bigler discussed physician contract rates and how some have increased double digits but let the group know that SISC continues to operate with an extremely low administrative cost. Several board members addressed the group about rate increases explaining that no one likes them, but there are choices available in plans and options to assist districts in saving money. Director Bigler explained to the group what it means to be self-insured and let them know that Anthem Blue Cross profits are not the cause for increased SISC costs. SISC cost increases are because of claim increases.

ACTION ITEMS

Financial Report. Cindy Mattern reviewed with the Board the Financial Report for the period ending February 28, 2010. She advised the Board that the LAIF rate is at 0.58% for the month, which represents the first increase we have seen for awhile. After discussion, motion was made by Director Hawkins, seconded by Director Caudle and carried approving the Financial Report as presented.

Request Approval of the 2010-2011 Dental Premiums. John reviewed our current membership, our enrollment projections along with projected claims and discussed how rates were held last year with no increase. For 2010-2011, the recommendation is to hold the rates again for the Premier (Broad) Network Plans, and increase the PPO (Narrow) Network Plans 10.8%. After discussion, motion was made by Director Pickavet, seconded by Director Caudle and carried approving the dental rates for 2010-2011 as presented.

Request Approval of the 2010-2011 Vision Premiums. John reviewed the Vision Renewal Calculation with the Board including enrollment projection and claims paid. After discussion, motion was made by Director Caudle, seconded by Director Scott and carried, approving holding the Medical Eye Services rate and increasing VSP 5.8%.

Request Approval of the 2010-2011 Prescription Drug Card Premiums. John reviewed the projected claim numbers with the Board along with providing the history of the plans and an explanation regarding rebates being greater than the administrative costs. After discussion, motion was made by Director Scott, seconded by Director Hawkins and carried approving prescription plans premiums as presented for 2010-2011.

Request Approval of the 2008-2009 Independent Financial Audit. Cindy Mattern reviewed with the Board the SISC III Independent Financial Audit. After discussion, motion was made by Director Scott, seconded by Director Miller and carried approving the Independent Financial Audit as presented.

INFORMATION AND DISCUSSION ITEMS

Show the Monthly SISC PPO Claims History Through February 2010. John Stenerson reviewed the claims history with the Board and discussed our year over year change of 10.2%. John pointed out that although the year over year change is at 10.2%, we are actually trending over 12% currently. John let the board know medical trend nationwide is between 10% and 18%, with 14% being the average. John explained that although the income statement shows year-to-date revenues greater than expenses, we expected this amount to be up far more than we are currently. 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. Several board members mentioned that not increasing rates this year would lead to having to increase rates substantially in the coming years in order to make up the difference. John provided the board information on several items that could provide cost savings to districts including, the use of Centers of Excellence for Transplant and Bariatric procedures, adding Co-Pays to Emergency Room visits and implementing step therapy for Angiotensin Receptor Blockers. John provided information about each of these programs and the estimated cost savings by implementing them on our plans.

Discuss the May Board Meeting. Director Bigler let the board know that details are still being finalized for our Annual Board Meeting, and that board members would be notified soon of the details.

Update the Board on Federal Health Care. Director Bigler discussed the specifics of health care reform and what may or may not affect SISC.

Update the Board on Districts Paying as Billed to Reduce Their Balance Forward. Director Bigler reviewed past discussions on this subject and asked the board about their thoughts now that they have had time to discuss the matter with their district personnel and have their questions answered. Several board members indicated they felt comfortable moving forward. Director Bigler asked if we were to place this on the agenda in April as an action item, would everyone be comfortable and all board members indicated they were. John mentioned that health is thinking about pushing the bill to the 1st of the month instead of the 15th of the prior month. John asked the board not to consider that when making a decision, he just wanted to let them know it was being discussed. Director Bigler let the board know we would place the item on the April agenda for their consideration.

Update the Board on the California Health Care Coalition. John Stenerson discussed the California Health Care Coalition with the board and let them know about a major change that occurred in November involving the Executive Director who was the person responsible for forming relationships with carriers and hospitals. The CHCC Executive Board elected to not renew the Executive Director's contract and they are working to make more of an effort developing relationships and working together with providers towards lower cost and better outcomes.

Show the Board an Article on Fannie Mae and Freddie Mac. Director Bigler introduced Rich Edwards with Merrill Lynch to the board, and Rich reviewed this article regarding Fannie Mae and Freddie Mac. Rich mentioned that despite the negative comments made by Rep. Barney Frank regarding Fannie and Freddie, the Treasury is 100% behind these bonds and felt the need, after the comments, to reiterate their commitment to bond holders.

Comments From the Board of Directors. Director Bigler thanked the members from the public who showed up to share their thoughts on rates. Several board members mentioned how they appreciate the many options available at SISC to lower cost and provide districts with choices.

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Scott, seconded by Director Caudle and carried adjourning the meeting at 3:46 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, April 21, 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.