

SISC III

HEALTH BENEFITS PROGRAM BOARD OF DIRECTORS MEETING THURSDAY, MAY 18, 2006 3:30 P.M.

MINUTES

The regular meeting of the Board of Directors of SISC III Health Benefits Program was called to order at 3:40 p.m. on Thursday, May 18, 2006, at The Mandalay Beach Resort in Oxnard, California, with the following in attendance:

MEMBERS PRESENT:

Russell Bigler
Ken Hochnadel

ALTERNATES PRESENT:

Judy Marty
Marysia Ochej
John Stenerson
Gary Bray
Bill Voss
Tom Ross

OTHERS PRESENT:

Wanda Carl
Cindy Sproles
Bonnie Bowles
Lynn LaValley
JoeAnna Reynoso, Buckman-Mitchell
Carolyn Temple, Kern Foundation
Judy Fussel, Buckman-Mitchell
Ann Bigler
Dan Bly, Delta Dental of California
Debi Hardwick, Coastal TPA
Steve Bargeon, FMC of Tulare
Tom Ziencina, DataNet Solutions
Rich Edwards, Merrill Lynch
Karen Carnakas, Medical Eye Services
Ken Muth, Blue Shield of California
Margaret Kelly, PacifiCare Behavioral Health

CONSENT CALENDAR

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

Minutes. Minutes for the April 2006 Board of Directors Meeting.

Report of Activity for the Month of April 2005 and ratification of payment as follows:

DELTA DENTAL CLAIMS	\$3,663,093.95
SISC ASO	240,665.28
DENTAL COALITION CLAIMS	791,201.15
DENTAL COALITION ASO	51,981.93
DELTACARE/PMI PREMIUM	4,787.68
TOTAL DENTAL	\$4,751,729.97

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VISION SERVICE PLAN CLAIMS	888,193.04	
ASO	82,494.10	
MES CLAIMS	14,002.60	
ASO	<u>2,770.30</u>	
TOTAL VISION		987,460.04
PACIFICARE/BEHAVIORAL HEALTH	406,880.10	
CIGNA BEHAVIORAL HEALTH	18,514.62	
SECURE HORIZONS PREMIUM (PACIFICARE)	10,082.34	
SENIOR ADVANTAGE PREMIUM (KAISER)	36,338.00	
SENIORITY PLUS PREMIUM (HEALTHNET)	90,013.58	
BLUE SHIELD HMO PREMIUM	1,628,563.23	
HEALTH NET PREMIUMS	814,614.96	
CALIFORNIA CARE PREMIUMS	702,662.25	
KAISER PREMIUMS	2,098,047.81	
PACIFICARE PREMIUMS	20,268.57	
PACIFIC UNION DENTAL PREMIUM	2,412.19	
UNITED HEALTHCARE (LIFE INSURANCE)	149,599.37	
NATIONAL BENEFIT RESOURCES(Stop Loss)	64,512.60	
BLUE CROSS HEALTH CLAIMS	29,748,826.68	
BLUE SHIELD HEALTH CLAIMS	1,349,504.29	
BEHAVIORAL HEALTH CLAIMS	249,370.07	
ITS CLAIMS	1,107,313.33	
COMPANION CARE CLAIMS	102,854.65	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		32,557,869.02
BLUE CROSS NETWORK ASO	906,138.96	
FOUNDATION ADJUDICATION ASO	462,030.03	
BLUE SHIELD ASO	87,963.12	
BEHAVIORAL HEALTH ASO	135,434.45	
ITS ASO (MARCH AND APRIL)	73,009.04	
COMPANION CARE ASO	24,385.65	
TOTAL BLUE CROSS AND BLUE SHIELD ADMIN		
TOTAL BLUE CROSS AND BLUE SHIELD		34,246,830.27
MERCK CLAIMS	8,270,400.05	
ASO-COPAY	339,431.74	
M/O - DISCOUNT CARD	80,747.29	
ASO - DISCOUNT CARD	<u>4,092.89</u>	
TOTAL MERCK CLAIMS		8,694,671.97
TOTAL BC, BSC AND MERCK		42,941,502.24

PUBLIC COMMENT - None

ACTION ITEMS

Financial Report. Cindy Sproles reviewed with the Board the Financial Report for the period ending April 30, 2006. After discussion, motion was made by Director Ross, seconded by Director Bray and carried approving the Financial Report as presented. The Investment Summary Report for the period January 1, 2006 through March 31, 2006 was presented as well.

Request Approval to Assist Driver Alliant in Administering the CSAC EIA JPA. Director Bigler advised the Board that the purpose for doing this is to produce revenue, increase bargaining power with our providers, increased stability and increase marketing of the SISC III JPA. California State Association of Counties and Cities Excess Insurance Authority (CSAC-EIA) – The purpose for doing this is to take advantage of SISC’s bargaining power with the providers, increase stability and earn more interest on their reserves. As you recall, for those of you that have been on the Board for several years, several years ago when it looked like the County of Kern would be willing to pay SISC III to help administer their health (not dental, vision or life) benefits, I asked you if you were willing to allow the SISC III Administration to do this if we could put together a contract that made sense to SISC III and you said we could. However, we were never able to put it together. The SISC III JPA works with ten (10) Brokerage Firms that assist us in providing benefits for 91 separate school entities throughout the state. One of these firms is Driver Alliant. Driver Alliant is also the Broker for the California State Association of Counties and Cities (CSAC), JPA. About a year ago they mentioned they would like to have the CSAC-EIA JPA, which has a little over 8,000 medical contracts, contract with SISC III, which has about 60,000 medical contracts. It was just a topic of discussion until about December. Since, at about that time, it looked like it could really happen, I put it on the January Agenda as an Information Item. See attached information Item #J. Since January, Frank Fekete and Jim Jett have worked, and signed off on, a contract between SISC III and the CSAC-EIA JPA that would provide each party with the points I mentioned in the beginning.

Additional points are:

- CSAC-EIA would not be a SISC III member district. This is strictly a contract between two parties just like we contract with Blue Cross, Delta, AIG, etc.
- Present CSAC-EIA members are:
 - Amador, Calaveras, Merced Counties
 - Merced, Visalia, and Santa Rosa Cities
- CSAC-EIA will continue to be responsible for maintaining their own billing and eligibility. CSAC-EIA will maintain its contractual relationship with Blue Cross, Medco and Employee Benefits Specialists. This is where the time consuming work is and they will maintain this.
- The Non-Compete Clause says that school-related districts cannot join the EIA Health Program but must access the SISC III medical pool as a member of SISC III. SISC III cannot access cities and counties but that’s okay, we don’t want to. This contract is for the sole purpose of strengthening SISC III via the points I mentioned at the beginning.
- Each JPA indemnifies, defends and holds each other harmless.
- The agreement would take effect on July 1, 2006.
 - Either party may terminate this contract with six months notice and the contract would terminate at the end of the calendar year following the six month notice.
- This contract is just for providing selected medical administration and it does not include dental, vision or life.

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- CSAC-EIA will pay SISC III \$3.50 per contract per month. For 8,000 contracts this would be over \$300,000 a year. This could grow if the CSAC-EIA JPA grows or we provide more services.

As a staff we have discussed this and determined that the time commitments vs. the tremendous upside for the SISC III members represent a unique opportunity to provide SISC III with the points I mentioned at the beginning of this Background Information. We have worked with CSAC-EIA and Driver Alliant officials and everybody is ready to implement it on July 1st. In summary, you know we are always looking at ways to make all of the SISC JPAs distance themselves from our competition. All of our research tells us that the signing of this contract will allow us to further distance SISC III from the competition just like the putting together of the GASB-45 contracting, the Defined Benefit and the SISC Flex Programs have done. After discussion, motion was made by Director Bray, seconded by Director Voss and carried with one vote in the negative approving contracting between SISC III and CSAC-EIA with the understanding that the SISC III administration will report back to the Board on a quarterly basis. **Editorial Note:** I was asked at the last Board meeting about commissions. Commissions, not counting Charter Schools, range from \$2-\$12. The \$2 is in one district and the \$12 is in one district. The \$12 is being cut back to \$9 on October 1, 2006

DISCUSSION AND INFORMATION ITEMS

Monthly Blue Cross/SISC PPO Trend History Through April 2005. John Stenerson reviewed with the Board the Blue Cross/SISC PPO monthly trend history for the month of April 2006.

Show the Board a Copy of the Cover Letter and Policy Number 10000.8 That Was Mailed to Member Districts. Director Bigler reviewed with the Board a memorandum dated April 27, 2006, and Policy Number 10000.8 regarding Recovery of Claims Paid for Non-Eligible Enrollees.

Show the Board a Copy of the Ad in the CASBO Journal. Director Bigler passed around a copy of the CASBO Journal containing a copy of the SISC ad. The other JPAs, trusts, Keenan, etc., have ads in the magazine.

Show the Board a List of the Districts That Have Returned the GASB-45 Letter of Intent Form. Director Bigler advised the Board that the following districts have returned their GASB-45 Letter of Intent Form. The Board was advised that the program will go into effect in July – Union Bank will be the Trustee. Although it is non-binding, they have expressed a desire to participate.

1. Antelope Valley Schools Transportation Agency
2. Barstow Unified School District
3. Buttonwillow Unified School District
4. Fairfax School District
5. General Shafter School District
6. Inyo County Office of Education
7. Kings River Union Elementary
8. Lakeside Union School District
9. Lamont School District
10. Lindsay Unified School District
11. Livingston Union School District
12. McSwain Union Elementary
13. Sanger Unified School District
14. Wasco Union High School District

Show the Board What TMJ Covers. Director Bigler reminded the Board that at the last meeting they requested information showing what TMJ covers. I have enclosed a page showing what TMJ covers and in which program it is covered.

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

ADJOURNMENT

There being no further business to come before the Board, motion was made by Director Hochnadel, seconded by Director Ross and carried to adjourn the meeting at 3:35 p.m.

NEXT MEETING

The next meeting of the Board of Directors will be held **Wednesday, June 21, 2006 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.

DOUG MILLER, Secretary