

**SISC III
HEALTH BENEFITS PROGRAM
BOARD OF DIRECTORS MEETING
NOVEMBER 21, 2007 - 1:00 P.M.**

A G E N D A

I. CONSENT CALENDAR

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| A. | Approval of Minutes for October 2007 Board of Directors Meeting | Russell Bigler |
| B. | Report of Activity for the Month of October 2007 and ratification of payment as follows: | Russell Bigler |

DELTA DENTAL CLAIMS	3,857,188.58	
SISC ASO	253,031.56	
DENTAL COALITION CLAIMS	646,313.91	
DENTAL COALITION ASO	42,398.19	
DELTACARE/PMI PREMIUM	4,163.20	
TOTAL DENTAL		\$4,803,095.44
VISION SERVICE CLAIMS	684,783.23	
VSP ASO	90,470.28	
MES CLAIMS	34,837.54	
MES ASO	4,284.62	
TOTAL VISION		\$814,375.67
PACIFICARE/BEHAV HEALTH	466,825.31	
CIGNA BEHAV. HEALTH (MCC SLECT)	19,214.83	
SECURE HORIZONS PREM (PACIFICARE)	4,292.07	
SENIOR ADVANTAGE PREM (KAISER)	37,769.00	
SENIORITY PLUS PREM (HEALTHNET)	72,380.00	
BLUE SHIELD HMO PREMIUM	1,766,828.09	
BLUE SHIELD FULLY INSURED PPO	85,612.43	
HEALTH NET PREMIUM	1,201,666.58	
CALIFORNIA CARE PREMIUM	1,074,982.67	
KAISER PREMIUM	2,685,519.97	
PACIFICARE PREMIUM	26,218.50	
UNITED HEALTHCARE (FORMERLY PACIFIC UNION DENTAL)	1,895.22	
UNITED HEALTHCARE SPECIALTY BENEFITS (LIFE)	144,100.28	
NAT'L BENEFIT RESOURCES (STOP LOSS)	55,344.00	
BLUE CROSS HEALTH CLAIMS	38,505,141.87	
BLUE SHIELD HEALTH CLAIMS	3,531,094.93	
BEHAVIORAL HEALTH CLAIMS	247,451.45	
ITS CLAIMS	1,176,086.05	
COMPANION CARE CLAIMS	187,198.66	
TOTAL BLUE CROSS AND BLUE SHIELD CLAIMS		\$43,646,972.96

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BLUE CROSS NETWORK ASO	1,106,314.20	
FOUNDATION ADJUDICATION ASO	559,124.28	
BLUE SHIELD ASO	130,485.96	
BEHAVIORAL HEALTH ASO	153,713.22	
ITS ASO	86,948.12	
COMPANION CARE ASO	31,341.80	
TOTAL BLUE CROSS AND BLUE SHIELD ADMIN.		\$2,067,927.58
TOTAL BLUE CROSS AND BLUE SHIELD		\$45,714,900.54
MERCK CLAIMS	9,341,281.05	
ASO-COPAY	274,464.85	
CLAIMS - DISCOUNT CARD	68,078.00	
ASO - DISCOUNT CARD	2,655.85	
CLAIMS - MEDICARE PART D	282,821.31	
ASO - MEDICARE PART D	10,070.84	
AHC - CLAIMS	2,037,940.76	
AHC - ASO	80,944.40	
TOTAL RX CLAIMS		\$12,098,257.06
TOTAL BC, BSC AND RX		\$57,813,157.60

II. PUBLIC COMMENT

III. ACTION ITEMS

- A. Financial Report - Financial Statements For Prior Month Presented For Approval Cindy Sproles

IV. DISCUSSION AND INFORMATION ITEMS

- A. Show the Monthly Blue Cross/SISC PPO Trend Factor for October 2007 John Stenerson
- B. Presentation by Sally Covington in December Russell Bigler
- C. Show the Board a Newspaper Article on Surgery & Sightseeing Russell Bigler
- D. Show the Board a Newspaper Article on Test Strips Russell Bigler
- E. Update the Board on 403(b) Compliance Cindy Sproles
- F. Update the Board on Sansum Medical Clinic John Stenerson
- G. Show the Board a Video on Prescription Drug Rebates Russell Bigler
- H. Comments from the Board of Directors Will Be Heard
- I. Adjournment
- J. Next Meeting: Wednesday, December 19, 2007
1:00 p.m.
SISC Board Room - City Centre

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.

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.

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.

SISC III
INFORMATION ITEMS
NOVEMBER 21, 2007

- A. **Monthly Blue Cross/SISC PPO Trend Factor for October 2007.** The Blue Cross/SISC PPO monthly trend factor for the month of October 2007 will be presented.
- B. **Presentation by Sally Covington in December.** Mrs. Covington is the Executive Director of the California Health Care Coalition, CHCC and SISC III is a member. The coalition works to help reduce the cost of and get better health care in California. At the December meeting, she will go over what the Coalition has done, is doing and wants to accomplish in the future.
- C. **Show the Board a Newspaper Article on Surgery and Sightseeing.** Director Bigler will review this article at the Board Meeting.
- D. **Show the Board a Newspaper Article on Test Strips.** Director Bigler will go over this at the Board Meeting
- E. **Update the Board on 403(b) Compliance.** Cindy Sproles will review the attachment at the Board Meeting.
- F. **Update the Board on Sansum Medical Clinic.** This is a very well respected medical clinic in Santa Barbara. Effective January 15, 2008 they will no do any more HMO business and we have 4 districts that utilize their doctors as part of the Blue Shield HMO. We are working n a solution and will update you at the Board Meeting.
- G. **Show the Board a Video on Prescription Drug Rebates.** Director Bigler will go over this at the Board Meeting.
- H.. **Comments from the Board of Directors Will Be Heard.**