



**SISC**

Self-Insured Schools  
of California

*Schools Helping Schools*

**HEALTH BENEFITS  
BOARD OF DIRECTORS MEETING  
SEPTEMBER 16, 2021  
1:00 P.M.  
AGENDA**

\*Notice of Teleconferencing Pursuant to Executive Order N-25-20 and Government Code section 54953: In order to mitigate possible impacts relating to the Coronavirus (COVID-19), the Board will conduct this meeting via teleconference or videoconference, with one or more Board members participating from remote locations. Members of the public wishing to observe the meeting or make public comments as authorized under Government Code section 54954.3 may do so at the following location: 2000 K St., 2<sup>nd</sup> Floor, Room 204. Bakersfield, CA 93301. Voting at this meeting shall be by roll call.

**I. Consent Agenda**

A. Approval of Minutes for August 2021 Board of Directors Meeting Nick Kouklis

B. Report of Activity for the Month of August 2021 and the Ratification of Payment as follows: Nick Kouklis

DELTA DENTAL CLAIMS		10,804,190.46	
DELTA DENTAL ASO		630,966.48	
ANTHEM DENTAL CLAIMS		190,732.56	
ANTHEM DENTAL ASO		6,460.00	
		TOTAL DENTAL	11,632,349.50
VSP CLAIMS		1,685,292.34	
MES CLAIMS		122,583.04	
VSP ASO		137,699.76	

MES ASO		12,672.57	
		TOTAL VISION	1,958,247.71
ANTHEM BLUE CROSS HEALTH CLAIMS		84,565,328.58	
BLUE SHIELD HEALTH CLAIMS		31,095,087.38	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		612,361.97	
	TOTAL HEALTH CLAIMS	116,272,777.93	
ANTHEM BLUE CROSS ASO		3,582,095.25	
BLUE SHIELD PPO ASO		606,341.49	
ANTHEM BC COMPANION CARE RETIREE ASO		117,925.59	
FOUNDATION CLMS PROCESSING ASO		589,153.35	
	TOTAL HEALTH ASO	4,895,515.68	
		TOTAL HEALTH	121,168,293.61
EXPRESS SCRIPTS CLAIMS		10,113,064.74	
NAVITUS RX CLAIMS		28,560,574.06	
EXPRESS SCRIPTS ASO		160,036.26	
NAVITUS RX ASO		761,244.41	
RX N GO		54,918.78	
		TOTAL RX	39,649,838.25
INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		6,372,833.51	
ANTHEM BC HMO ADMIN FEE		874,626.72	
ANTHEM BC EAP		289,628.02	
ANTHEM VIVITY		55,937.58	
ANTHEM HMO CAPITATION		6,209,038.21	
BLUE SHIELD HMO CLAIMS		2,144,303.70	
BLUE SHIELD HMO ADMIN FEE		3,837,210.00	
KAISER HMO		43,085,590.81	
SIMNSA		338,466.00	
DELTACARE/PMI DENTAL		31,357.15	
MES-FULLY INSURED		70,049.30	
KAISER SENIOR ADVANTAGE RETIREE PLAN		264,953.90	
BLUE SHIELD MEDICARE ADVANTAGE		32,384.00	
LINCOLN FINANCIAL LIFE INSURANCE		306,175.67	

		TOTAL INSURED	63,912,554.57
WELLNESS			310,837.59
ALL OTHER			1,123,863.64
		TOTAL III PAYMENTS	239,755,984.87

Moved \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_

Yes \_\_\_\_\_ No \_\_\_\_\_ Abstain \_\_\_\_\_ Roll Call Vote \_\_\_\_\_

## II. Public Comment

### III. Action Items

- A. Financial Report – Presentation of Financial Statements for the Month of August 2021 Will Be Submitted for Approval

Kim Sloan

Moved \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_

Yes \_\_\_\_\_ No \_\_\_\_\_ Abstain \_\_\_\_\_ Roll Call Vote \_\_\_\_\_

- B. Request Approval of the 2021-2022 SISC III Budget

Kim Sloan

Moved \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_

Yes \_\_\_\_\_ No \_\_\_\_\_ Abstain \_\_\_\_\_ Roll Call Vote \_\_\_\_\_

### IV. Information and Discussion Items

- A. Review Monthly Budget-to-Actual through August 2021

John Stenerson

- B. Annual Investment Policy Review

Kim Sloan

- C. Comments from the Board of Directors Will Be Heard

Nick Kouklis

- D. Next Meeting:

Nick Kouklis

Thursday, October 21, 2021

2:30 p.m.

Lucia Mar Unified School District

602 Orchard Street

Arroyo Grande, CA 93420

E. Adjournment

Nick Kouklis

Moved \_\_\_\_\_ 2<sup>nd</sup> \_\_\_\_\_

Yes \_\_\_\_\_ No \_\_\_\_\_ Abstain \_\_\_\_\_ Roll Call Vote \_\_\_\_\_

Any materials required by law to be made available to the public prior to a meeting of the Governing Board of the SISC III JPA can be inspected at the following address during normal business hours at:

2000 K Street, Bakersfield, CA. 93301

For more information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation to participate in the public meeting, please contact Kristy Comstock at 661-636-4682 or

[krcomstock@kern.org](mailto:krcomstock@kern.org)

\*The number of Board Members needed to form a quorum for this meeting is eight

## HEALTH BENEFITS TERMINOLOGY

**Adjudication:** Refers to the process of paying claims submitted or denying them after comparing claims to the benefit or coverage requirements.

**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:** The amount you could be responsible for (in addition to any co-payments, deductibles or coinsurance) if you use an out-of-network provider and the fee for the particular service exceeds the allowable charge. 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 Medical Excellence (CME):** Health care providers designated as a selected facility for specified medical services. Providers participating in a CME network have an agreement to accept an agreed upon amount as payment in full for covered services.

**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.

**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:** This is the process by which a health insurance company determines if it should be the primary or secondary payer of medical claims for a patient who has coverage from more than one health insurance policy.

**Co-Payment:** A specific charge that a health plan may require a member to pay for a specific medical service or supply, after which the insurance company pays the remainder of the charge.

**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 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):** A plan that offers a wide range of health care services through a network of providers who agree to provide services to members at a pre-negotiated rate. Members of an HMO choose a primary care physician who will provide most of the health care and refer members to HMO specialists as needed.

**Health Savings Account:** A tax advantaged savings account to be used in conjunction with certain high-deductible (low premium) health insurance plans to pay for qualifying medical expenses, such as deductibles. Contributions may be made to the account on a tax-free basis. Funds remain in the account from year to year and may be invested at the discretion of the individual owning the account. Interest or investment returns accrue tax-free. Penalties may apply when funds are withdrawn to pay for anything other than qualifying medical expenses. Employers can also fund such plans.

**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.

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

**Medigap:** Refers to various private health insurance plans sold to supplement 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:** A time period during which eligible employees can select among the plans offered by their employer as well as make any other dependent changes.

**Out-Of-Network:** The use of health care providers who have not contracted with the carrier to provide services. Members are generally not reimbursed if they go out-of-network except in emergency situations.

**Out-Of-Pocket:** The most a member would pay for covered medical expenses in a plan year through copays, deductibles and coinsurance before your insurance plan begins to pay 100 percent of the covered medical expense.

**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:** This refers to the standard or most common charge for a particular medical service when rendered in a particular geographic area. Also known as Usual, Customary and Reasonable (UCR).

**Skilled Nursing Facility:** An inpatient healthcare facility with the staff and equipment to provide skilled care, rehabilitation and other related health services to patients who need nursing care, but do not require hospitalization.

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

**Transparency:** 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.



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**HEALTH BENEFITS  
BOARD OF DIRECTORS MEETING  
AUGUST 26, 2021  
1:00 P.M.**

**MINUTES**

The Regular Meeting of the Board of Directors of SISC III Health Benefits Program was called to order by Director Kouklis at 1:02 p.m. on Thursday, August 26, 2021 in the SISC Board Room on the 4<sup>th</sup> floor of the Reider Center, 2000 K Street, Bakersfield, California 93301. The following individuals were in attendance:

**MEMBERS PRESENT:**

Nick Kouklis  
Glenn Imke  
Ramon Hendrix  
Sherry Gladin  
Jackie Martin  
Dena Rhoades  
Bill Ridgeway  
Eva Chavez  
John Rodriguez  
Dr. Mike Zulfa

**ALTERNATES PRESENT:**

Dr. John Mendiburu  
Jonathan Medina  
Joyce Nunes

**OTHERS PRESENT:**

Kim Sloan  
Megan Hanson  
Kristy Comstock  
Rich Edwards  
Fred Bayles  
John Stenerson  
Nicole Henry  
Lola Nickell  
Lauri Phillips  
Cassady Clifton  
Carmen Gonzales  
Christy Patterson  
Ron Herrera  
Shabana Ahmad  
JoeAnna Todd  
Yvonne Trawinski  
Annette Charlton  
Julie Revior  
Tiffany Garcia

Monica Matallana  
Tara Hernandez  
Nivalda Pinguet  
Cathy Huynh  
Wendy Corbin  
Kara McGee  
Kevin Walthers  
Jose Landeros

**Consent Agenda**

Motion was made by Director Chavez seconded, by Director Rhoades and by roll call vote of 9-Yes, 0-No, and 2 Abstention (9-0-2)(Abstention by Director Martin and Director Rodriguez) to approve the Consent Agenda as follows:

DELTA DENTAL CLAIMS		14,154,869.80	
DELTA DENTAL ASO		826,642.73	
ANTHEM DENTAL CLAIMS		151,138.05	
ANTHEM DENTAL ASO		6,348.00	
		TOTAL DENTAL	15,138,998.58
VSP CLAIMS		1,512,274.91	
MES CLAIMS		136,483.01	
VSP ASO		137,699.76	
MES ASO		12,831.19	
		TOTAL VISION	1,799,288.87
ANTHEM BLUE CROSS HEALTH CLAIMS		79,393,593.78	
BLUE SHIELD HEALTH CLAIMS		27,065,352.52	
ANTHEM BC COMPANION CARE RETIREE CLAIMS		566,704.66	
	TOTAL HEALTH CLAIMS	107,025,650.96	
ANTHEM BLUE CROSS ASO		3,695,234.92	
BLUE SHIELD PPO ASO		607,070.64	
ANTHEM BC COMPANION CARE RETIREE ASO		118,245.63	
FOUNDATION CLMS PROCESSING ASO		590,104.16	
	TOTAL HEALTH ASO	5,010,655.35	
		TOTAL HEALTH	112,036,306.31
EXPRESS SCRIPTS CLAIMS		6,371,803.57	

NAVITUS RX CLAIMS		27,878,082.46	
EXPRESS SCRIPTS ASO		155,831.10	
NAVITUS RX ASO		541,970.16	
RX N GO		37,637.39	
		TOTAL RX	34,985,324.68
INSURED PRODUCTS			
ANTHEM BC HMO CLAIMS		5,918,375.38	
ANTHEM BC HMO ADMIN FEE		892,892.88	
ANTHEM BC EAP		293,172.66	
ANTHEM VIVITY		55,937.58	
ANTHEM HMO CAPITATION		6,224,089.67	
BLUE SHIELD HMO CLAIMS		2,398,754.78	
BLUE SHIELD HMO ADMIN FEE		3,877,966.44	
KAISER HMO		43,086,248.71	
SIMNSA		338,330.00	
DELTACARE/PMI DENTAL		32,894.95	
MES-FULLY INSURED		71,049.18	
KAISER SENIOR ADVANTAGE RETIREE PLAN		268,930.40	
BLUE SHIELD MEDICARE ADVANTAGE		30,944.00	
LINCOLN FINANCIAL LIFE INSURANCE		318,513.63	
		TOTAL INSURED	63,808,100.26
WELLNESS			350,454.78
ALL OTHER			947,769.64
		TOTAL III PAYMENTS	229,066,243.12

## **Public Comment**

See attached

## **Action Items**

### **Financial Report**

Kim Sloan reviewed with the Board the Financial Report for the period ending July 31, 2021. Kim reported the LAIF rate for the month of July 2021 dropped to 0.22% from last month at 0.26%. After discussion, motion was made by Director Hendrix, seconded by Director Rodriguez and by roll call vote of 11-0-0, approving the Financial Reports as submitted.

## **Information and Discussion Items**

### **Review Monthly Budget-to-Actual through July 2021**

John Stenerson reviewed the monthly budget-to-actual with the Board for the month of July 2021.

### **Comments from the Board of Directors**

Director Kouklis informed the Board that the deadline to sign up for the Annual Board Meeting is September 3<sup>rd</sup>, the Healthcare Symposium will be held on November 9<sup>th</sup> and 10<sup>th</sup> and congratulated Nicole Henry on her promotion to Health Benefits Director I.

### **Adjournment**

There being no further business to come before the Board, motion was made by Director Rhoades, seconded by Director Chavez, and by roll call vote of 11-0-0, adjourning the meeting at 1:30 p.m.

### **Next Meeting**

The next meeting of the Board of Directors will be held **Thursday, September 16<sup>th</sup>** at 1:00 p.m. in Room 204 on the 2<sup>nd</sup> Floor – Larry E. Reider Education Center, 2000 K Street, Bakersfield, CA 93301.

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Eva Chavez, Secretary

Public Comment to SISC 08/26/2021

Good afternoon. My name is Kevin Walthers and I am the superintendent/president of Allan Hancock College. I am here today to express my dismay with our largest vendor, SISC, and its relationship with Anthem Blue Cross. Our employees pay out of pocket for the bulk of their premiums – and they now want to know why they were paying for a service for a full month without actually receiving the benefit of that service.

Just after I arrived at Hancock College in 2013 there was a break in service between Anthem and Dignity health. We weren't told about this until late in the afternoon on a Friday. I objected at the time that SISC did not provide any warning that this was coming and we spent a decent amount of that weekend helping staff and faculty understand their options. We were told that this is "normal" and SISC asked us to lobby our local Dignity hospital to get them to accept Anthem's offer.

I found this to be wholly inappropriate, as SISC represents us and, at best, should not be taking sides. Our local hospital, Marian Regional Medical Center, is a strong partner of the college and provides significant funding to the college in support of the nursing program. Anthem is a company that clears more than \$1.7 billion after taxes *every quarter*.

Following the contract renewal seven years ago, SISC went on a goodwill tour with Anthem representatives where benefit managers and bargaining unit members were asked to hear presentations designed to improve Anthem's reputation. Only after I asked that Dignity be afforded the same platform did SISC schedule additional meetings.

Promises were made at that time to find better ways to manage an impasse – and at the conclusion of the last contract (perhaps in 2017), SISC helped the two sides manage multi-day extensions that allowed our faculty and staff to rest easily. I am not sure what happened this time, but once again we were back to a break in service that lasted for a full month and not once did a communication from SISC mention anything about the strain placed on our employees, much less apologize for the major life disruption this caused.

The SISC website says that the organization is "relentless about doing what's best for our members." How is it in the best interest of our members to not advocate for special consideration of our region – one that is almost entirely served by Dignity Health? Our faculty and staff were literally told to consider having any procedures done at one of two other hospitals – which assumes the doctors are part of the medical staff at those hospitals or that these small hospitals actually have the capacity to provide such service. This statement from SISC on July 27 seems best encapsulate the tone of communication we receive on a regular basis: Anthem is a for-profit company. Dignity is a non-profit corporation. We often hear non-profit hospital systems blame for-profit Anthem for higher premiums, taking no accountability for their own much more significant role in the ever rising costs. It's important to remember... • About 95% of the PPO premiums are paid to health care providers for member claims. • Over 50% of member claim dollars are paid to hospitals. • Anthem's fees are a small slice of the pie (less than 5%). Anthem is effectively negotiating with providers to preserve taxpayer dollars. When we pay providers more for services, public schools and their employees pay more for coverage. Every additional dollar paid to a provider is one less dollar for public education. Anthem is a for-profit company. Dignity is a non-profit corporation. We often hear non-profit hospital systems blame for-profit Anthem for higher premiums, taking no accountability for their own much more significant role in the ever rising costs. It's important to remember... • About 95% of the PPO premiums are paid to health care providers for member claims. • Over 50% of member claim dollars are paid to hospitals. • Anthem's fees are a small slice of the pie (less than 5%). Anthem is effectively negotiating with providers to preserve taxpayer dollars. When we

pay providers more for services, public schools and their employees pay more for coverage. Every additional dollar paid to a provider is one less dollar for public education. This would not be such a large issue if Northern Santa Barbara County and southern San Luis Obispo County were in a larger market – but we are not and therefore we have very few options outside of Dignity doctors and hospitals. Fortunately, our local providers are dedicated community members who support our institutions. SISC is a big player in the health insurance market and I would hope that you will begin to use that leverage to truly support our employees by insisting that large organizations such as Anthem and Dignity agree to hold regions such as ours harmless during contract negotiations. It's not a big ask and it would go a long way toward restoring trust in SISC from our team members.

With great thanks for your time,

Kevin G. Walthers, Ph.D. Superintendent/President Allan Hancock College

**SISC III  
INCOME STATEMENT  
AUGUST 2021**

	BUDGET	YEAR-TO-DATE	CURRENT MONTH
<b><u>REVENUES</u></b>			
8660.00 Interest-County Treasurer	\$2,250,000.00	\$1,795,010.29	\$0.00
8660.03 LAIF	\$28,600.00	\$1,302.10	\$0.00
8660.04 Investments	\$4,972,665.00	(\$1,043,945.27)	\$0.00
8660.05 Bank	\$240,000.00	\$285,168.31	\$1,617.06
8674.03 Premiums-PPO Medical	\$1,457,307,867.00	\$1,324,416,359.86	\$119,894,500.96
8674.04 Dental	\$134,308,358.00	\$135,733,587.85	\$12,168,353.20
8674.08 Pharmacy	\$336,156,933.00	\$314,275,048.21	\$28,561,190.39
8674.25 Vision	\$20,571,558.00	\$19,390,766.09	\$1,793,435.11
8674.05 HMO	\$741,353,022.00	\$690,249,617.96	\$63,136,441.86
8674.06 Life	\$3,643,935.00	\$3,479,229.11	\$309,918.93
8674.09 Insured Retiree Programs	\$3,520,284.00	\$3,274,110.60	\$294,913.00
8674.10 Insured Vision	\$359,975.00	\$784,304.26	\$70,683.24
8674.18 Insured Dental	\$337,905.00	\$360,077.18	\$32,473.34
8699.00 IRC 125 Flex Plan Contributions	\$0.00	\$361,933.27	\$46,869.65
8699.07 Administration Fees	\$226,130.00	\$208,171.24	\$21,906.03
8699.08 Penalties/Late Fees	\$140,000.00	\$215,627.88	\$24,500.28
8699.10 SISC Access Fee	\$1,718,581.00	\$1,153,595.59	\$85,769.23
<b>TOTAL REVENUES</b>	<b>\$2,707,135,813.00</b>	<b>\$2,494,939,964.53</b>	<b>\$226,442,572.28</b>
<b><u>EXPENSES</u></b>			
3900.00 Benefits Paid - IRC 125 Flex Plan	\$0.00	\$0.00	\$0.00
4300.00 Supplies	\$70,000.00	\$70,710.84	\$2,729.01
5200.00 Travel/Conference	\$140,000.00	(\$27,505.91)	(\$1,000.00)
5300.00 Dues and Membership	\$15,000.00	\$8,884.00	\$0.00
5450.03 E & O Insurance	\$115,000.00	\$121,202.28	\$0.00
5450.05 Premiums - HMO	\$651,339,135.00	\$558,039,046.01	\$43,899,815.20
5450.08 Insured Dental	\$337,905.00	\$346,692.07	\$31,357.15
5450.09 Insured Retiree Programs	\$3,520,284.00	\$3,260,676.18	\$297,337.90
5450.10 Insured Vision	\$359,975.00	\$783,080.53	\$70,049.30
5450.21 Life	\$3,610,907.00	\$3,470,258.46	\$306,175.67
5800.00 Miscellaneous	\$25,000.00	(\$1,700.77)	\$0.00
5800.02 Audit	\$30,425.00	\$28,175.00	\$0.00
5800.10 Consulting	\$500,000.00	\$587,598.67	\$85,415.25
5800.32 Bank Fees	\$260,000.00	\$269,269.87	\$0.00
5800.33 Government Fees	\$595,127.00	\$618,322.40	\$0.00
5800.35 Admin Fees	\$71,232.00	\$61,837.50	\$5,722.20
5800.40 Wellness Program	\$2,000,000.00	\$6,374,128.95	\$310,837.59
5800.41 Healthcare Specialists	\$1,100,000.00	\$722,950.00	\$29,750.00
5800.50 Administration - KCSOS	\$8,135,825.00	\$6,279,864.23	\$594,669.01
5800.60 Claims - PPO Medical	\$1,339,152,567.00	\$1,250,278,572.86	\$114,732,416.84
5800.61 Claims - Dental	\$123,675,614.00	\$123,715,900.04	\$10,994,923.02
5800.63 Claims - Vision	\$18,372,006.00	\$16,977,006.44	\$1,807,875.38
5800.64 Claims - HMO Flex	\$110,108,358.00	\$72,677,170.19	\$7,104,238.79
5800.68 Claims - Pharmacy	\$314,024,849.00	\$288,682,992.82	\$30,390,646.96
5800.70 Admin - PPO Medical	\$50,565,941.00	\$45,794,120.07	\$4,232,783.17
5800.71 Admin - Claims Processing	\$7,254,469.00	\$6,565,946.80	\$589,153.35
5800.72 Admin - Dental	\$7,222,656.00	\$7,184,394.24	\$637,426.48
5800.73 Admin - Vision	\$1,755,526.00	\$1,702,647.22	\$150,372.33
5800.75 Admin - Pharmacy	\$8,047,576.00	\$8,108,602.39	\$914,861.03
5800.79 EAP Expense	\$3,176,683.00	\$3,233,716.97	\$289,628.02
5800.94 Other Distributions/Contributions	\$5,000,000.00	\$4,911,167.66	\$468,917.41
5800.95 Unpaid Claims Liability Adjustment	\$9,180,270.00	\$8,415,247.50	\$765,022.50
<b>TOTAL EXPENSES</b>	<b>\$2,669,762,330.00</b>	<b>\$2,419,260,975.51</b>	<b>\$218,711,123.56</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$37,373,483.00</b>	<b>\$75,678,989.02</b>	<b>\$7,731,448.72</b>
<b>NET ASSETS - BEGINNING</b>	<b>\$683,562,767.82</b>	<b>\$683,562,767.82</b>	<b>\$751,510,308.12</b>
<b>NET ASSETS - ENDING</b>	<b>\$720,936,250.82</b>	<b>\$759,241,756.84</b>	<b>\$759,241,756.84</b>

**SISC III  
BALANCE SHEET  
August 31, 2021**

	October 1, 2020 BALANCE	August 31, 2021 BALANCE
<b><u>ASSETS</u></b>		
9110.00 Cash in County Treasury	\$351,388,948.70	\$321,003,748.60
9120.00 Bank Account-Health Claims	\$127,183,574.47	\$172,758,805.27
9130.00 Revolving Fund	\$1,500.00	\$1,500.00
9150.01 Local Agency Investment Fund	\$5,725,766.47	\$239,227.12
9150.03 Investments	\$301,115,964.81	\$401,572,019.54
9200.00 Accounts Receivable	\$78,860,288.58	\$47,227,633.30
9330.00 Prepaid Expenditures	\$0.00	\$0.00
9335.00 Reserve Fund	\$29,399,857.00	\$29,397,357.00
TOTAL ASSETS	\$893,675,900.03	\$972,200,290.83
 <b><u>LIABILITIES</u></b>		
9500.00 Current Liabilities	\$56,633,486.69	\$48,660,304.41
9650.00 Deferred Income	\$3,715,521.45	\$6,118,858.01
9668.00 Unpaid Claims Liability	\$149,764,124.07	\$158,179,371.57
TOTAL LIABILITIES	\$210,113,132.21	\$212,958,533.99
 NET ASSETS - Funding Stabilization Reserves	 \$683,562,767.82	 \$759,241,756.84
TOTAL LIABILITIES AND NET ASSETS	\$893,675,900.03	\$972,200,290.83

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AUTHORIZED SIGNATURE

PREPARED BY: Nancy Russo

**SISC III  
Investments  
August 31, 2021**

**24-HOUR LIQUID FUNDS**

SISC III maintains much of its cash in the Kern County Treasury and Local Agency Investment Fund. Both agencies pool these funds with those of other entities in the state. These pooled funds are carried at cost which approximates market value.

AGENCY	BALANCE	RETURN	PERIOD	DATES
COUNTY OF KERN	\$321,003,748.60	1.00% 1.52%	LAST QUARTER 5 YEAR AVERAGE	APR-JUN 2021 JUL 2016 - JUN 2021
LOCAL AGENCY INVESTMENT FUND	\$239,227.12	0.22% 0.33% 1.44%	CURRENT MONTH LAST QUARTER 5 YEAR AVERAGE	August, 2021 APR-JUN 2021 JUL 2016 - JUN 2021

**INVESTMENT MANAGEMENT ACCOUNTS**

The investment securities portfolio is comprised of securities carried at fair market value.

The fair market value of the investment securities available for sale at June 30, 2021 was:

INVESTMENT FIRM	MARKET VALUE	QUARTERLY RETURN	ANNUALIZED RETURN	PERIOD	DATES
REINHART PARTNERS (SISC INVESTMENT POOL)	\$52,194,559.00	0.20%	0.80% 1.43% 0.55%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	APR-JUN 2021 JUL 2016 - JUN 2021 AS OF JUN 30, 2021
MORGAN STANLEY (FRED BAYLES)	\$175,892,113.42	0.08%	0.31% 1.42% 0.31%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	APR-JUN 2021 JUL 2016 - JUN 2021 AS OF JUN 30, 2021
WELLS FARGO ADVISORS (RICH EDWARDS)	\$173,485,347.12	-0.01%	-0.04% 1.17% 0.42%	LAST QUARTER 5 YEAR AVERAGE YIELD TO MATURITY	APR-JUN 2021 JUL 2016 - JUN 2021 AS OF JUN 30, 2021
	<u>\$401,572,019.54</u>				

**5-YEAR HISTORY OF RETURNS**

Quarter Ending:	Co of Kern	LAIF	Investment Pool	Fred Morgan Stanley	Rich Wells Fargo	Combined Weighted Average Return
6/30/2021	1.00%	0.33%	0.80%	0.31%	-0.04%	0.51%
3/31/2021	1.07%	0.44%	-1.86%	-1.15%	-1.49%	-0.32%
12/31/2020	1.16%	0.63%	0.18%	0.03%	0.19%	0.46%
9/30/2020	1.30%	0.84%	0.43%	0.43%	0.53%	0.91%
6/30/2020	1.70%	1.47%	2.89%	2.95%	3.26%	2.28%
3/31/2020	2.10%	2.03%	8.05%	6.39%	5.47%	4.11%
12/31/2019	2.13%	2.29%	1.12%	1.63%	1.98%	1.93%
9/30/2019	2.03%	2.45%	2.85%	2.47%	2.51%	2.31%
6/30/2019	2.03%	2.57%	4.84%	3.95%	5.12%	3.24%
3/31/2019	2.12%	2.55%	4.25%	3.79%	4.49%	3.10%
12/31/2018	1.92%	2.40%	4.30%	3.46%	4.65%	2.86%
9/30/2018	1.77%	2.16%	1.09%	1.55%	0.83%	1.50%
6/30/2018	1.69%	1.90%	1.00%	1.06%	0.64%	1.32%
3/31/2018	1.51%	1.51%	-1.16%	-0.89%	-1.75%	0.49%
12/31/2017	1.38%	1.20%	-0.38%	-0.41%	-1.37%	0.51%
9/30/2017	1.32%	1.07%	1.01%	1.11%	0.69%	1.15%
6/30/2017	1.20%	0.93%	1.49%	1.76%	1.85%	1.40%
3/31/2017	1.15%	0.78%	1.07%	1.58%	1.46%	1.26%
12/31/2016	0.97%	0.68%	-2.88%	-2.07%	-4.98%	-1.00%
9/30/2016	0.93%	0.60%	-0.44%	0.42%	-0.67%	0.38%
5-Yr Average	1.52%	1.44%	1.43%	1.42%	1.17%	1.42%

## SISC DEFINED BENEFIT PLAN and GASB 45 TRUST A

### Investment Returns

As of : 6-30-2021

#### SISC DEFINED BENEFIT PLAN (DBP)

The SISC Defined Benefit Plan was established to provide a retirement benefit for part-time, temporary and seasonal employees. The Defined Benefit Plan portfolio will focus on growth and income through a balanced account of equities and fixed income. Funds may be invested with the County Treasurer and Local Agency Investment Fund (LAIF), however a majority of the assets are in a portfolio managed by Morgan Stanley/Graystone Consulting and held by the trustee, Prudential Retirement.

Investment Consultant: Fredric S. Bayles, III, Executive Director-Institutional Consulting Director, Morgan Stanley

Trustee/Custodian of Assets: Prudential Retirement

Morgan Stanley Return on Investment (net of all fees & expenses)
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Benchmark Comparison Morgan Stanley Moderate Growth & Income
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Current Quarter:	Apr-Jun 2021	5.73%	VS.	5.77%
Calendar Yr-To-Date:	Jan-Jun 2021	10.50%	VS.	8.49%
Rolling 4 Quarters:	Jul 2020-Jun 2021	35.04%		

5-Year History of Returns:	2020	17.56%
	2019	25.08%
	2018	-8.53%
	2017	18.02%
	2016	8.63%

#### SISC GASB 45 TRUST A

As of : 3-31-2021

The GASB 45 Trust program was established to provide a mechanism for pre-funding Other Post-Employment (OPEB) liabilities. The GASB 45 Trust portfolios will focus on growth and income through a balanced account of equities and fixed income. Funds may be invested with the County Treasurer and Local Agency Investment Fund (LAIF), however a majority of the assets are in a portfolio managed by Morgan Stanley/Graystone Consulting and held at U.S. Bank.

Investment Consultant: Fredric S. Bayles, III, Executive Director-Institutional Consulting Director, Morgan Stanley

Trustee/Custodian of Assets: U.S. Bank

Morgan Stanley Return on Investment (net of all fees & expenses)
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Benchmark Comparison Morgan Stanley Moderate Growth & Income
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Current Quarter:	Jan-Mar 2021	5.20%	VS.	2.57%
Calendar Yr-to-Date:	Jan-Mar 2021	5.20%	VS.	2.57%
Fiscal Year-To-Date:	Jul 2020-Mar 2021	23.54%		
Rolling 4 Quarters:	Apr 2020-Mar 2021	41.45%		

5-Year History of Returns:	2019-20	-0.02%
	2018-19	6.17%
	2017-18	8.36%
	2016-17	11.94%
	2015-16	-1.19%















Further, the Quarterly Report shall verify that the SISC investment portfolio is in compliance with SISC's investment policy. The report will also include a statement indicating the ability of SISC to meet its cash requirements for the ensuing six months or to provide an explanation as to why sufficient money shall not or will not be available. A copy of the Quarterly Report will be rendered to SISC's Chief Executive Officer, the internal auditor, and the Board within 60 days following the end of the quarter (CA Gov. Code 53646).

#### **14.0 INVESTMENT POLICY ADOPTION**

SISC's Investment Policy shall be adopted by the Board. The Policy will be reviewed on an annual basis by the SISC Finance Department, and any modifications made thereto must be approved by the SISC Board.

Adopted: January 4, 1989  
Revised: September 16, 1992  
Revised: September 15, 1993  
Revised: June 19, 1996  
Revised: October 16, 1996  
Revised: July 15, 1998  
Revised: October 19, 2005  
Revised: July 26, 2012  
Revised: August 23, 2018