



Background

Some of our members think of SISC as an insurance company.

SISC is not an insurance company.

We are a coalition of over 400 California public schools joining together to reduce costs and spread risk over a large population... Schools Helping Schools.

**One out of every 1,000 Americans
is covered by a SISC medical plan.**

SISC is not a corporation; we are a public entity.

SISC staff are public school employees.

Anthem Blue Cross does not set the rates for our PPO premiums.

We pay Anthem Blue Cross an administrative fee to maintain a network of affordable providers, process medical claims and provide customer service to our members.

PPO premiums are set by SISC to cover claim payments made to hospitals, physicians, pharmacies and administrative costs.

**About 95% of the PPO premium is paid
to health care providers for member claims.**

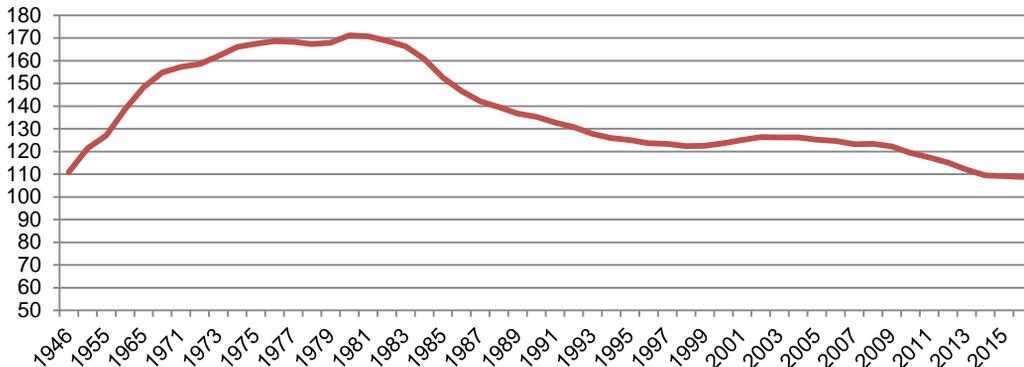
**Every additional dollar we pay to a provider is
one less dollar
for public education.**

What's Happening with Hospitals Admissions?

Hospital admissions in the United States have been in decline for many years.

- Admissions peaked in 1981 at 171 per 1,000 Americans.
- Admissions have decreased down to 109 per 1,000 Americans.
- Admission rates are lower now than they were in 1946.

Hospital Admissions per 1,000 Americans 1946 to 2016



Admissions are declining because more care can be provided safely and effectively at other sites such as ambulatory surgery centers, doctor's offices and patient's homes.

If hospital admissions are going down, then why do insurance premiums keep going up?

Some people try to put the blame on:

- Americans getting older, sicker and fatter.
- Unnecessary care (over utilization).
- Jury awards for malpractice.

These may contribute, but in study after study for more than a decade, experts have been saying: **"It's the prices, stupid."**

Two independent research organizations, the Kaiser Family Foundation (KFF) and the Health Care Cost Institute (HCCI) issued reports this year. A summary of their findings show that:

- **A major driver of employer premium growth over the years has been the prices that insurers and employers pay for health care services.**
- **Between 2012 and 2016, health spending growth was almost entirely due to price increases for services.**
- **Over the same period, utilization of most health care services remained unchanged or declined.**

Other Items for Consideration and Awareness

Hospitals often compare their compensation to other hospitals that may have higher rates. They try to use this kind of comparison to give the impression the increases they are seeking are fair and reasonable.

In Northern California, a common example would be to compare to the Sacramento area where the not-for-profit system Sutter Health is headquartered.

In March, the California Attorney General filed an antitrust lawsuit against Sutter Health stating... "after six years of methodical and painstaking documentation, the AG's Office was prepared to hold Sutter accountable and bring down artificially inflated health care costs."

SISC healthcare prices are set in negotiations between health insurers like Anthem and hospitals and doctors.

Anthem is a for-profit company headquartered in Indianapolis, Indiana.

Most hospitals in California are non-profit corporations.

During past contract renewals, we've heard non-profit hospital systems blame for-profit Anthem for higher premiums, taking no accountability for their own role in the ever rising costs. Sometimes these systems even say that Anthem is boosting their corporate profits while its customers' deductibles and co-pays continue to increase.

It's important to understand that we are self-insured. About 95% of the premium is paid to health care providers for member claims. Anthem's fees are a small slice of the pie and not the reason healthcare is becoming unaffordable.

Other Items for Consideration and Awareness

Hospitals sometimes say they issue termination notices as a “bargaining tool”.

Whenever this happens, we are always concerned that the hospital may be willing to use a break in network coverage as a negotiating tactic. If a break occurs, it impacts a large number of their own patients and community members.

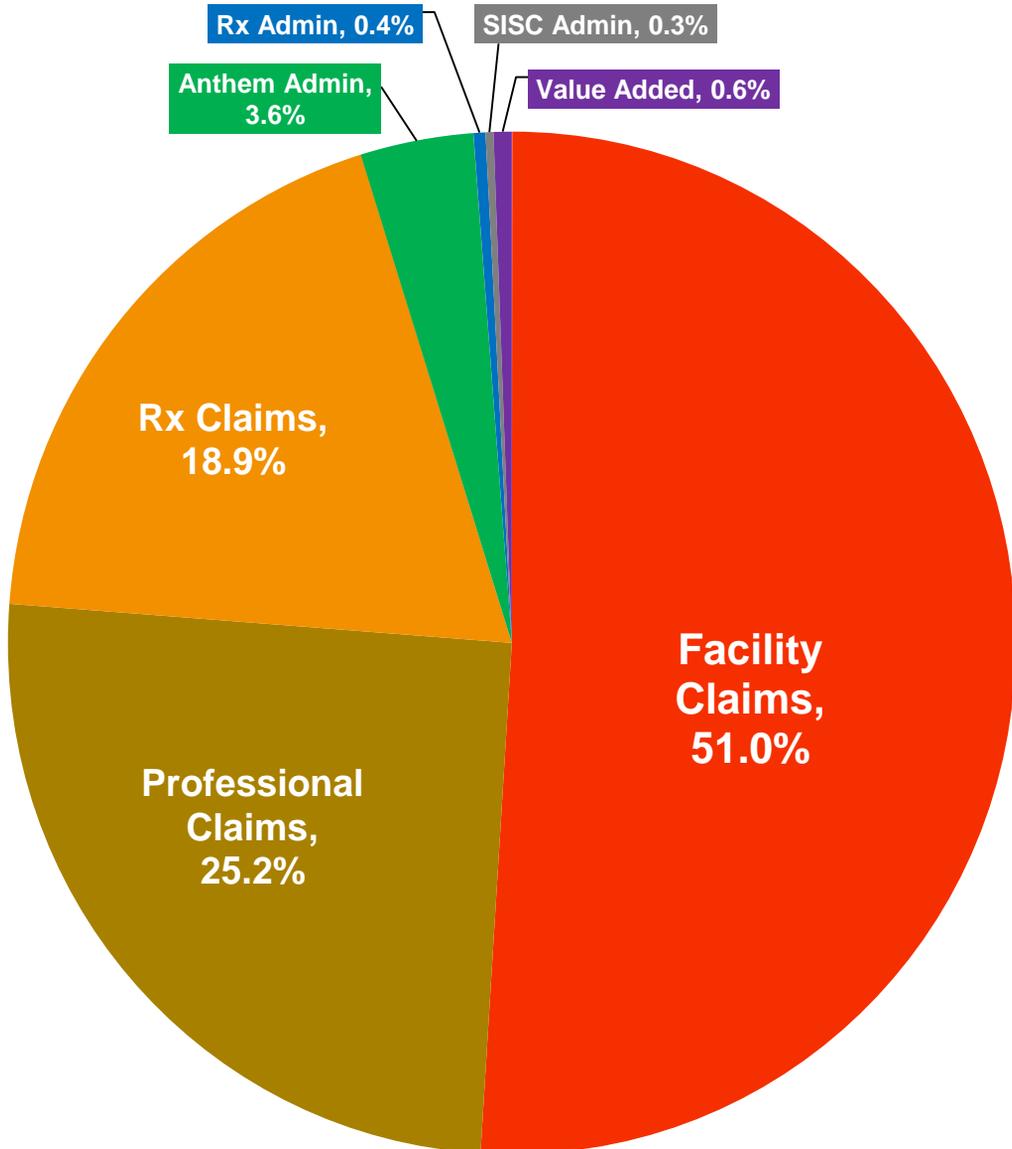
Based on past experience with healthcare providers who dominate in a particular region, a break in network coverage causes a great deal of anxiety, confusion and disruption for people needing access to care.

If an insured member is planning an elective procedure with an Enloe provider after October 31st, they should consider discussing those plans with their physician.

We want both Anthem and Enloe to negotiate in good faith. We often find that negotiations between health plans and medical providers result in an agreement as a termination date draws closer.

It is not uncommon for negotiations such as these to conclude at the 11th hour. If Anthem and Enloe cannot reach an agreement by November 1st then Enloe always has the option of extending or even retracting its termination notice. Other health systems often take that step while negotiations continue in order to help patients avoid the anxiety and disruption caused by a termination.

Where are BSSP's SISC Premiums Going?



Facility Claims:

Inpatient Admissions
Outpatient Care

Professional Claims:

Office Visits
Surgeons
Anesthesiologists
Imaging
Laboratory
Behavioral Health

Value Added Services:

Disease Management Programs
24/7 Physician Line (MDLive)
Expert Medical Opinions (Advance Medical)
Employee Assistance Program (EAP)
Onsite Biometric Screenings
Onsite Flu Shot Clinics