



SISC

SELF-INSURED SCHOOLS of CALIFORNIA

Schools
Helping
Schools

B Y L A W S

SISC III



HEALTH BENEFITS PROGRAM

Self-Insured Schools of California
1300 17th Street - City Centre
Bakersfield, CA 93301
Post Office Box 1847, Bakersfield, CA 93301-1847
Telephone: (661) 636-4710/(800) 972-1727

SISC III HEALTH BENEFITS PROGRAM BYLAWS

TABLE OF CONTENTS

ARTICLE I	Name.....	1
ARTICLE II	Purposes	1
ARTICLE III	Powers	1
ARTICLE IV	Agency Membership	2
ARTICLE V	Governing Board	
	1. Board of Directors	2
	2. Election of Board of Directors Members	3
ARTICLE VI	Duties of the Board of Directors.....	4
ARTICLE VII	Officers, Their Election and Duties	4
	1. Officers.....	4
	2. Duties	5
ARTICLE VIII	Meetings.....	6
ARTICLE IX	Claims Review Committee.....	7
ARTICLE X	Finance	8
ARTICLE XI	Funds	9
ARTICLE XII	Bylaws.....	9
ARTICLE XIII	Fiscal Year	9

SELF-INSURED SCHOOLS OF CALIFORNIA (SISC III)

HEALTH BENEFITS PROGRAM BYLAWS

Article I - Name

The name of this organization is the Self-Insured Schools of California, (SISC III), Medical, Dental and Vision System (hereafter, the "System" or "SISC III"), located in the city of Bakersfield.

Article II - Purposes

The purpose of this Agency shall be to:

1. Administer the Joint Powers Agreement pursuant to the provisions of the California Government Code, Title I, Division 7, Chapter 5, Article 1, Sections 6500 ff;
2. Provide services necessary and appropriate for the establishment, operation and maintenance of a self-funded program for Medical, Dental and Vision insurance claims by employees and eligible dependents of member public educational agencies;
3. Provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding self-insurance for Medical, Dental and Vision protection;
4. Provide a forum for discussion, study, development and implementation of other self-funded programs for different kinds of risk management.

Article III - Powers

This Agency shall have the power to:

1. Exercise any power common to the public educational agencies which are parties to this Joint Powers Agreement, provided that such powers are exercised in the furtherance of the purposes and functions of this System, and in a manner expressly provided in law;
2. Provide member agencies with a plan and system of self-funding for Medical, Dental and Vision losses;
3. Provide districts with protection within the scope of the law;
4. Pursue subrogation or third party liability when, in the judgment of the Board of Directors, such subrogation rights or third party claims shall result to the benefit of the self-insured program and parties;
5. Establish and maintain a fund to pay self-insured losses;
6. Acquire, hold and dispose of property, real and personal, all for the purpose of providing the membership with the necessary education, study, development and implementation of a self-funded insurance program or programs;
7. To contract with third party administrators and/or administrative agent to administer the day-to-day operations of the program;
8. Perform such other functions as may be necessary or appropriate to carry out the purposes and programs of this system.

Approved June 1991

Wherever the term "Agency" is used in these bylaws, it shall be used inter-changeably with the terms "SISC III" or "Authority" as such terms may be used in that Joint Powers Agreement establishing the SISC (Self-Insured Schools of California) Medical, Dental and Vision System.

Article IV - Agency Membership

1. Membership to this Agency (SISC III) shall be open to public schools, colleges or education agencies that are not party hereto, and that are located in the State of California subject to the following conditions:
 - a. Submission of a formal letter, authorized by the applicant district's or agency's board of trustees, requesting membership;
 - b. Approval of applicant's request to join SISC III by two-thirds vote of the SISC III Board of directors;
 - c. Following the above approval, the SISC III Agency's Board of Directors will request an executed copy of the Joint Powers Agreement together with a resolution formally adopted by the applicant district's board of trustees or appropriate governing body;
 - d. Upon a two-thirds approval of the Board of Directors, membership and the effective date shall be determined by the SISC III System's Board of Directors.
2. Upon admission to the membership of the System, each member agency shall become eligible to be represented on the Board of Directors according to the procedures outlined in Article V.

Article V - Governing Board

1. Board of Directors

The Agency shall be under the direction and control, and shall be governed by a Board of Directors which shall hereafter be referred to as the "Board". No one serving on the Board shall receive any salary or compensation from the System. The Board shall consist of not less than thirteen (13) members elected as follows: The governing Board of each educational agency which is a party to this agreement may nominate a representative for membership on the System Board. Nominees shall be categorized and grouped for election according to the following:

- a. One (1) member and an alternate to be selected from nominees from Kern school districts with an average daily attendance of less than 1,251 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year;
- b. Two (2) members and an alternate to be selected from nominees from Kern school districts with an average daily attendance from 1,251 to 2,951 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year.
- c. Two (2) members and an alternate to be selected from nominees from Kern school districts with an average daily attendance from 2,951 to 17,001 as reported in official reports of the County Superintendent of Schools of Kern County for the immediately preceding fiscal year;
- d. Two (2) members and an alternate to be selected from nominees from Kern school districts with an average daily attendance in excess of 17,000 as reported in official reports of Kern County Superintendent of Schools for the immediately preceding fiscal year;
- e. One (1) member and an alternate to be selected by San Luis Obispo County schools to represent San Luis Obispo school districts;
- f. One (1) member and an alternate to be designated by the Chancellor of the Kern Community College District;

- g. One (1) member and an alternate to be designated by the County Superintendent of Schools of Kern County;
- h. One (1) member and an alternate to be selected by the Santa Barbara County schools to represent Santa Barbara school districts;
- i. One (1) member and an alternate to be selected by the Inyo/Mono County Pool to represent districts in that Pool;
- j. One (1) member and an alternate to be selected by the Kings, Fresno, Madera, Merced, Tulare, and Stanislaus School Districts.
- k. One (1) member and an alternate to be selected by all school districts not represented in points a-j to represent districts not in a-j;
- l. Such additional members may be added by the Governing Board by a two-thirds vote of the total membership;
- m. No district in any category shall have more than one representative at any one time.

2. Election of Board of Directors Members

Nominations shall be submitted to the County Superintendent of Schools of Kern County within thirty (30) days after being advised by the County Superintendent of the existence of a vacancy on the Board. The County Superintendent shall provide such notice of vacancy to all districts a party to this agreement at least sixty (60) days prior to the end of the term of any member of the Board. The County Superintendent shall cause to be distributed a ballot for election of said Board members with nominees appropriately grouped and categorized. A district which is a party to this agreement shall be eligible to be represented on the Board as described in Article V, Section 1, subheading (a) through (l). The election shall be held as soon as practicable after receipt by the superintendent of valid nominees. The person, if more than one vacancy is involved, receiving the highest number of votes shall be elected for a three (3) year term. The person receiving the next highest number of votes for each vacancy shall serve as alternate. The alternate member shall have the authority to attend, participate in, and vote at any meeting of the Board when the regular member is absent from such meeting.

- a. The Board shall thus be comprised of a minimum of thirteen (13) elected members and a member designated by the County Superintendent of Schools of Kern County. Alternate shall be eligible to assume membership on the Board in the event of a vacancy occurring in the respective category to complete the unexpired term of the regular member.
- b. The Board shall have as its chairman the Kern County Superintendent of Schools or his designee unless another chairman is elected by a majority vote of the total membership of the Board.
- c. Following the initial election, membership on the Board shall be for three (3) years from the confirmation of election or until a successor assumes membership on the Board. Membership shall cease for any of the reasons stated below:
 - (1) Verbal request to be released from Board membership to the Board Chairman with one other Board member present;
 - (2) Failing to attend, or see that the alternate attends, the regular monthly Board meeting for three consecutive months;
 - (3) If the district represented by the Board member ceases to be a member of the System Program.
- d. Each member shall have one (1) vote. No proxy or absentee votes shall be permitted. A vote of the majority of a quorum present at a meeting shall be sufficient to constitute action except actions concerning adoption or amendment of Bylaws, and membership in the System, which require a two-thirds vote of the total membership of the Board.

Article VI - Duties of the Board of Directors

The Board shall have the authority to exercise the powers of the Agency as set forth in Article III. In addition, the Board is specifically empowered to:

1. Establish bylaws, rules and regulations, not inconsistent with applicable law or with the SISC III Joint Powers Agreement, as may be necessary for the operation, the conduct of its business and the operation of the System;
2. Provide for the management and administration of the System in a manner that is in the best interests of the System. This power shall include the power to employ and terminate a management firm for such purposes;
3. Determine annual premium or contribution rates and the method by which such contributions will be paid to the fund created pursuant to the Agency's purpose;
4. Provide for additional assessments during the year, if necessary, to allow for increased cost due to changes in the law or excessive claims costs;
5. Determine whether and by what method new members shall be allowed into the program consistent with the terms of Article IV of these bylaws;
6. Appoint and dissolve working committees from its active membership or by contracting for such services, consistent with the terms and purposes of the System;
7. Insure that a complete and accurate system of accounting of all funds is maintained at all times as set forth in Article IX;
8. Determine the manner in which Medical, Dental and Vision claims shall be processed, and such processing shall be in conformity with all provisions of the law presently in effect or to be hereafter enacted;
9. Elect, at its first regular meeting a vice president (vice chairman), secretary/treasurer to serve as officers of the Board for terms of one (1) year;
10. Maintain or cause to be maintained accurate case records for all risks insured against, and accurate records of all claims paid. Loss reports shall be forwarded to member districts on at least an annual basis. The Board shall also provide for loss control services;
11. Enter into contracts consistent with the terms of the Joint Powers Agreement, including, but not limited to, the following:
 - a. Receive, accept, expend and disburse funds for purposes consistent with the terms of the System's Joint Powers Agreement;
 - b. Retain the services of consultants with specialized expertise in areas deemed appropriate by the Board.
12. Make appropriate periodic reports to the membership on the status of the System and its program;
13. Develop or cause to be developed, and adopt an annual budget for the System;
14. Perform any and all other functions necessary to accomplish the purposes of the System.

Article VII - Officers, Their Election and Duties

1. Officers
 - a. The officers of this System shall be a president (chairman), vice president (vice chairman), secretary/treasurer.
 - b. The Board shall have as its president the Kern County Superintendent of Schools or his designee unless another president is elected by a majority vote of the total membership of the Board.

- c. The Board shall, at the regular July meeting of each year, elect from its membership a vice president, secretary/treasurer to serve as officers of the Board for a term of (1) year. In the event of a vacancy, the Board shall fill vacancies for the unexpired term by election at any regular or specially called meeting.

2. Duties

- a. The president shall:

- (1) Coordinate the work of officers and committees of the System in order that the SISC III System's purposes may be promoted;
- (2) Preside at all meetings of the System and the Board;
- (3) Be a member ex-officio of all committees;
- (4) Appoint such ad hoc committees as may be desirable subject to the approval of the Board;
- (5) Be an approved joint-signatory on warrant orders drawn against the funds of the System;
- (6) Be responsible for preparing any annual reports required by law or the System's Board;
- (7) Be responsible for preparing, or causing to be prepared, meeting schedules, notices and agendas;
- (8) Be the official representative of the agency at System-sponsored meetings unless otherwise designated;
- (9) Perform such other duties as may be prescribed in these bylaws or assigned to him/her by the System;
- (10) Be bonded in an amount determined by the Board.

- b. The vice president shall:

- (1) Assist the president in the performance of his/her duties;
- (2) Perform the duties of the president in the absence or disability of that officer to act;
- (3) Perform such duties as may be prescribed in these bylaws or assigned to him/her by the System;
- (4) Be an authorized joint-signatory on warrant orders drawn upon the System funds;
- (5) Be bonded in an amount determined by the Board.

- c. The secretary/treasurer shall:

- (1) Keep, or cause to be kept, accurate records of the proceedings of all meetings of the System and the Board;
- (2) Make such records of the proceedings available to the Board members for their approval at each meeting;
- (3) Keep member districts and agencies informed of meetings proceedings and activities of the System;
- (4) Prepare a list of unfinished business for use by the president in the preparation of the agenda;
- (5) Keep, or cause to be kept, a record of member districts statistics pertinent to the operation of the System;

- (6) Conduct all necessary correspondence of the System;
- (7) Prepare such notices and reports as may be requested by the System;
- (8) Be the approved signatory on all legal or formal documents of the System;
- (9) Keep, or cause to be kept, such permanent books or accounts and records as shall be sufficient to establish the items of gross income, receipts and disbursements of the System; including specifically, the status of member districts' premium participation, the monies paid out in claims settlement, costs for insurance coverages, the costs for administration of claims, earned credits or dividends, earned interest and the current financial status of the System;
- (10) Pay all bills as authorized by the Board;
- (11) Establish, or cause to be established, such funds as may be necessary for the safekeeping and accounting of the System's monies;
- (12) Prepare, or cause to be prepared, periodic reports of the financial status of the System;
- (13) Keep the Board informed of investment advantages for reserve funds so as to achieve optimum interest earnings;
- (14) Be responsible to have a formal independent audit of all financial transactions of the System at least once each year;
- (15) Be authorized as a joint-signatory on warrant orders drawn upon all System's funds;
- (16) Be bonded in an amount determined by the Board.

Article VIII - Meetings

1. The Board shall meet regularly not less than once each month.
2. The Board shall at its July meeting approve the date, time and place for its regular meetings. All member districts and agencies shall be properly notified of the meeting schedule.
3. Special meetings may be called as necessary, provided twenty-four (24) hours advance notice is given.
4. All meetings of the Board shall be called, noticed, held and conducted in accordance with the provisions of the Brown Act (commencing with section 54950) of the California Government Code.
5. A majority of the total membership of the Board shall constitute a quorum for the transaction of the business.
6. A majority vote of a duly constituted quorum shall be authorized to transact business.
7. An agenda of items to be discussed shall be prepared for all meetings and shall be made available to all members of the Board at least three (3) working days prior to regularly scheduled meetings.
8. Minutes shall be kept of proceedings of all meetings held by the Board.
9. Items may be placed on the agenda provided a written request is received at least five (5) working days prior to the regularly scheduled meeting.
10. Persons desiring to make a personal appearance before the Board to discuss an item of interest are to make such request at least two (2) weeks (ten [10] working days) prior to the meeting date. Such discussion will be limited to a maximum of fifteen (15) minutes unless otherwise provided for by the Board.

Article IX - Claims Review Committee

1. Function

The function of the Claims Review Committee shall be to review disputed claims which have not been resolved by the normal claims administration process of the System. After such review, the Claims Review Committee shall recommend a proposed disposition of the employee's protest to the System's Board. The decision of the System's Board is final.

2. Claims Review Committee

Disputed claims which have not been resolved by the normal claims administration process involving the medical benefits carrier or any third party administrator shall be directed to the Claims Review Committee for additional review and recommendation. No one serving on the Committee shall receive any salary or compensation.

3. Composition of the Committee

The Committee shall consist of fourteen (14) members elected as follows: The non-administrative certificated and/or non-administrative classified group of each educational agency which is a party to this agreement may nominate a candidate for membership on the Claims Review Committee. Nominees shall be categorized and grouped for election according to the following:

- a. One (1) representatives from districts with an average daily attendance of less than 1,251.
- b. Two (2) representatives from districts with an average daily attendance of 1,251 to 2,951.
- c. Two (2) representatives from districts with an average daily attendance of 2,951 to 17,001.
- d. Two (2) representatives from districts with an average daily attendance is excess of 17,000.
- e. One (1) representative from the San Luis Obispo County School District.
- f. One (1) representative from the Kern Community College District.
- g. One (1) representative from the County Superintendent of Schools of Kern County.
- h. One (1) representative from the Santa Barbara County School District.
- i. One (1) representative from the Inyo/Mono County Pool.
- j. One (1) representative from the school districts not represented in points a-i above.
- k. No district, in any category, shall have more than one representative at any one time from their certificated staff. The same shall hold true for their classified staff.
- l. In the event that there is no participation by districts "d", "e" or "f" in the SISC III program. the category's positions will go to group "a" if one, "b" if two, and "c" if three.
- m. In the event that a district becomes a member in categories "d" and "e" or "f" and that district is entitled to additional membership on the Board, that district shall become eligible for representation at the beginning of the fiscal year. The categories referred to in "k" shall give up representation as follows:
 - (1) "a" if three, "b" if two, and "c" if one.
- n. The term of office shall be limited to one period of two years. Any unexpired term shall be appointed by the Board.

Article X - Finance

1. The System is strictly accountable for all funds received and dispersed by it and, to that end, the System shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the System. Books and records of the System shall be open to inspection at all reasonable times by representatives of the parties to this agreement. The Board, as soon as practical after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to each of the parties.
2. Each member shall pay to the System each fiscal year the annual per contract premium calculated pursuant to subparagraphs "a" and "b" of this paragraph. The Board shall inform members of the projected premiums for the following fiscal year no later than May 1 of each year.
 - a. The member contribution for the initial year of operation shall be equal to Blue Cross quoted 1979-80 premium to be paid by each district or less than one-half of the increase over the 1979-80. These contributions shall be used to fund the agency for the initial year of operation.
 - b. In subsequent years, the yearly premium for each member shall be determined by all factors normally used to compute the yearly insurance premium. These factors shall include, but not be limited to:
 - (1) Increased costs for medical services
 - (2) Experience Rating
 - (3) Cost of Stop Loss or Reinsurance
 - (4) Desired level of Stop Loss or Self-Insured Retention
 - (5) Desired level of reserves
 - c. Handling Funds

The System shall have the power and duty to handle all aspects of Medical, Dental and Vision claims against members arising out of acts occurring during membership.
 - d. Contributions

Without in any way limiting the powers otherwise provided for in statute, the System shall have the power and authority to receive, accept and utilize the services of personnel offered by any members or their representatives or agents; to receive, accept and utilize property, real or personal, from any member or its agents or representatives; to receive, hold, dispose of, to construct, operate and maintain buildings and other improvements, and to receive, accept, expend and disburse funds by contract or otherwise, for purposes consistent with the provisions of the System, which funds may be provided by any members or their agents or representatives.
 - e. Additional Income

The agency shall accept and deposit in the System's fund monies from any of the following sources:

 - (1) Interest and other investment income;
 - (2) Refund of excess Medical, Dental and Vision insurance payments;
 - (3) Any Medical subrogation recoveries;
 - (4) Grants from any agency or private company.
 - f. Disposition of Property and Funds

In the event of the dissolution, complete rescission or other final termination of this agreement by all agencies then a party hereto, any vested interest remaining in the agency following a discharge of all obligations, shall be returned to the current members, a pro rata share based on the premium paid by such members

Article XI - Funds

1. Operating Fund

This fund shall be established and maintained out of the member contributions, and shall be for the purpose of paying for the following:

- a. Insurance premiums
- b. Claims management expenses
- c. Salaries of administrators, if any
- d. Safety engineering
- e. Data processing costs
- f. Investigative costs
- g. Legal costs
- h. Miscellaneous

2. Claims Trust Fund

The Board may establish a trust fund into which may be deposited a sum necessary for the settlement of claims for a thirty (30) day period. A service company or management firm contracted to administer the self-funded program may be authorized to issue checks drawn on such account in payment of such claims. A monthly accounting and bank reconciliation of all checks drawn on such account shall be obtained by the System treasurer from such service company.

3. Investment of Reserves in Claims Fund

The System shall have the power to invest or cause to be invested in compliance with Sections 6509.5 and 6505.5 of the California Government Code, such reserves as are not necessary for the immediate operation of the Claims Fund in such securities as allowed by Section 53601 of the California Government Code.

The level of cash to be retained in the Operating and Claims Trust Funds shall be determined by the Board.

4. The System shall have power to seek and recover subrogation or third party liability monies wherever possible. Such monies shall be deposited in the operating fund.
5. The System shall be authorized to conduct or cause to be conducted any necessary verification or audits.

Article XII - Bylaws

1. These bylaws shall be deemed the articles by which this System is governed.
2. These bylaws shall not be inconsistent with the provisions of the Joint Powers Agreement of the Medical, Dental and Vision System.
3. The adoption and amendments of these bylaws shall be made by not less than a two-thirds vote of the entire membership of the Board.
4. All amendments, changes or deletions to the bylaws must be proposed and read at two previous meetings of the Board prior to adoption.

Article XIII - Fiscal Year

The fiscal year of the System shall begin October 1 and end September 30.