

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, December 17, 2015

8:30 A.M.

Members Present: Senator Dick Dever  
Ms. Casey Goodhouse  
Mr. Mike Sandal  
Ms. Yvonne Smith  
Ms. Kim Wassim

Via Videoconference: Representative Pamela Anderson  
Chairman Strinden

Member Absent: Ms. Arvy Smith  
Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Mary Jo Steffes, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Jan Murtha, Attorney General's Office  
Mr. Kirk Zimmer, Sanford Health Plan  
Mr. Michael Klepatz, Sanford Health Plan  
Mr. Jason Hubers, Sanford Health Plan  
Mr. Jeff Sandene, Sanford Health Plan  
Ms. Lisa Carlson, Sanford Health Plan  
Ms. Katie Nermoe, Sanford Health Plan  
Mr. David Hunter, RIO  
Mr. Kevin Schoenborn, BCBSND  
Mr. Mike Schwab, ND Pharmacists Association  
Ms. Kara Hickel, ND Department of Health  
Mr. Neil Charvat, ND Department of Health  
Ms. Carmen Toman, Nationwide Retirement Solutions  
Mr. Steve Ebert, Nationwide Retirement Solutions  
Mr. Jeff Francis, Nationwide Retirement Solutions  
Mr. Noah Brisbin, Attorney General's Office

Chairman Strinden called the meeting to order at 8:35 a.m.

Chairman Strinden called for any questions or comments regarding the minutes of the November 19, 2015 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE NOVEMBER 19, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

## **RETIREMENT**

### **Asset Liability Study**

Mr. Collins reported that PERS received two proposals for the asset liability study. PERS is required to use the consultants of the Retirement and Investment Office who are Segal, Callan, and SEI. With all RFP's we ask for questions, and then PERS posts the responses online by a certain date for all proposers to review. In this situation, for one of the questions, PERS asked RIO for assistance in answering and then RIO requested information from Callan which PERS used to answer. Mr. Collins indicated he reviewed this situation with legal counsel. Ms. Murtha reported to the Board that PERS is not subject to state procurement requirements; however, PERS does follow general procurement principles. Having a vendor participate in the RFP process and if PERS were strictly following procurement processes, would disqualify Callan from being able to respond to the RFP as a bidder. It was recommended that staff reissue the RFP so that all bidders available under statute would be able to respond. Staff indicated this would not disrupt the timeline. The Board discussed and had questions.

**MS. YVONNE SMITH MOVED THAT PERS REISSUE THE ASSET LIABILITY STUDY REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MR. SANDAL.**

The Board further discussed the motion.

**Ayes:** Senator Dever, Mr. Sandal, Ms. Yvonne Smith, Ms. Wassim, Ms. Goodhouse, Representative Anderson and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

## **MOTION PASSED**

### **IRS Cycle E Filing**

Ms. Allen reported that Segal has submitted the completed applications and required attachments to PERS for the main and Highway Patrol systems. Staff and legal counsel are reviewing the applications prior to the filing deadline of January 1, 2016.

### **RFP Update**

Mr. Collins provided an update to the Board relating to the retirement plan services request for proposal. Responses to questions will be posted on schedule and proposals are due by January 15, 2016.

### **Defined Benefit to Defined Contribution Plan Information**

Mr. Collins shared case studies done by the International Foundation of Employee Benefit Plans and the National Institute for Retirement Security relating to states that switched their pension plans from a defined benefit to a defined contribution plan.

### **Defined Contribution to Defined Benefit Plan Update**

Ms. Steffes provided an update to the Board. As of the end of November, 40 members have elected to transfer from the DC plan to the DB plan. Ms. Steffes further explained the administrative process that members must follow to either make an election back to the defined benefit plan or stay in the defined contribution plan and how staff continues to handle communication with the eligible members. The Board had questions and Ms. Steffes indicated that there will be reminder letters mailed to eligible members in early January.

## **GROUP INSURANCE**

### **Medicare Part D Contract**

Mr. Collins shared the draft ESI Medicare Part D contract with the Board. This contract is a different type of contract than what was developed with BCBS. There are several contract provisions that staff and legal counsel continue to work on with ESI. Mr. Collins indicated that at the last meeting, the ND Pharmacists Association had suggestions relating to the benefits and contract. He reported that since the current contract is for a fully insured plan, some of these changes could be pursued separately prior to the next contract, as this would necessitate entering into a self insured arrangement.

Mr. Collins reviewed the sections of the contract where PERS is still negotiating and working through the details. Ms. Murtha further reviewed the areas of negotiation which included Deloitte, PERS staff, and ESI responses. The Board discussed and reached consensus that a special meeting be scheduled before the end of the year to review the final contract with staff.

### **Wellness Incentive Redemption**

Ms. Fricke reported that at the last meeting the Board was made aware that due to the carrier change, some members had received more than the yearly amount of \$250 wellness incentive benefit. This occurred during the period August 1 through September 22. Sanford indicated they could apply the member's overpayment to their bWell account for 2016 and will notify the affected members. The Board had questions.

### **Implementation Update**

Ms. Schiermeister indicated to the Board that as operational issues arise, staff and Sanford addresses them. One of the situations that had been previously discussed with the Board relates to situations when employees transfer employment from one state agency to another state agency and there were problems with the coverage getting transferred. It was discovered that the issue is how Sanford is receiving the data. PERS has put a process in place where when a transfer of employment occurs, staff reaches out to Sanford to inform them of the transfer, to insure coverage continues, both for the member and dependents. Staff continues to work with Sanford on the monthly files for claims data and continues to meet monthly to discuss business processes and operational issues. Ms. Fricke reported that staff and Sanford recently developed a process to verify eligibility of grandchildren to be on a subscriber's policy. She indicated there are issues with dual coverage (coordination of benefits) that staff will continue to work with Sanford on. Ms. Schiermeister reported that staff is working with Sanford on data sharing. Enrollments come through PERS which are uploaded to the Sanford system.

Ms. Fricke provided an update on marketing/communication efforts. Relating to the wellness program, Sanford will be launching a new PERS wellness program platform effective April 1, 2016. She reviewed specifics relating to the conversion to the new wellness platform with the Board. Ms. Fricke indicated that relating to the tobacco cessation program, one idea that came up was that in addition to doing general marketing to the broad eligible population, Sanford offered that they can have their health coaches begin outreach to those enrolled in the tobacco cessation program effective February 1, 2016. The wellness coaches could assist members in making better lifestyle choices. Representatives from the Department of Health reviewed aspects of the tobacco cessation program with the Board. The Board discussed and concurred that Sanford have the health coaches reach out to the enrollees.

Ms. Fricke also reviewed the Medicare Part D transition with the Board.

Mr. Klepatz, Sanford Health Plan, provided additional information relating to the transition. He indicated there is a steady trend upward for participation in the wellness program. He indicated Sanford is very excited about the new wellness platform and believes it will be well received by the members. Mr. Klepatz introduced the new President of Sanford Health Plan, Mr. Kirk Zimmer.

Mr. Zimmer presented background information relating to his professional experience.

### **RFP Update**

Mr. Collins reviewed with the Board the timeline of the group health consultant request for proposal. Proposals were due on December 11 and five responses were received. Staff will begin the analysis of the RFP's and will report the results at the January meeting.

### **PPO Update**

Mr. Collins reported that a letter was sent from PERS to approximately 260 providers that were PPO providers with BCBS but had not yet signed an agreement with Sanford.

### **Infertility Benefit**

Mr. Collins indicated that this was discussed at the last meeting and it was decided to provide members who had begun using their deductibles prior to July 1, 2015 the opportunity to appeal. Since the last meeting, staff followed up with Sanford and legal counsel. Ms. Murtha indicated that an amendment should be made to the contract with Sanford relating to the infertility benefit. The Board concurred that staff develop a contract amendment. The Board had questions relating to appeals and reviewed with Ms. Murtha.

### **BCBS Update**

Mr. Collins reported that with the transfer to Sanford, previous health data is being retained by BCBS. They have indicated the need to retain the data in order to complete the final accounting for the 2013-15 biennium and to handle claims issues. He indicated that this data is owned by PERS and that PERS has a HIPAA business associate agreement with BCBS where federal standards must be maintained. Mr. Collins shared information provided by consultants Deloitte and IceMiller on this issue. He indicated that it would be prudent to enter into a supplemental agreement to determine how long the data will be maintained by BCBS and how it will be destroyed. Deloitte indicated that best practice may be to retain the data for at least seven years. Ms. Murtha agreed that pursuing return or destruction of the data is prudent and that any agreement that is developed will be what the Board finds reasonable. The Board discussed and concurred that staff move forward with developing a supplemental agreement relating to BCBS retention of data, that the BCBS retention policy and HIPAA provisions be taken into consideration.

### **Member Rebate Program Update**

Ms. Allen reported that at the last meeting information was presented regarding the status of re-establishing the member rebate program with Sanford Health Plan. Based on information reviewed with legal counsel, the Board directed Sanford to re-establish the member rebate program effective July 1, 2016. Ms. Allen presented two options for member rebate program account configuration and indicated staff recommendation was to reimburse members by quarterly check with a set minimum amount. If the minimum isn't met during any quarter, the amount would be carried forward and distributed at such time as the minimum is met in a future quarter.

**REPRESENTATIVE ANDERSON MOVED TO REIMBURSE MEMBERS BY QUARTERLY CHECK. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Senator Dever, Mr. Sandal, Ms. Goodhouse, Representative Anderson, Ms. Yvonne Smith, Ms. Wassim, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

## **MOTION PASSED**

### **DEFERRED COMPENSATION**

#### **3<sup>rd</sup> Quarter Investment Report**

Mr. Reinhardt presented the 3rd quarter investment report for the 401(a) and 457 Companion Plan. Assets in both plans have decreased. The Investment Subcommittee met to review the plan and recommended that the Vanguard Total Bond Fund be added to the core lineup for the 401(a) and 457 Companion plans.

**MR. SANDAL MOVED THAT THE RECOMMENDATIONS OF THE INVESTMENT COMMITTEE BE ADOPTED AND THE VANGUARD TOTAL BOND FUND BE ADDED TO THE CORE LINEUP FOR THE 401(a) AND 457 COMPANION PLANS. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Yvonne Smith, Ms. Wassim, Senator Dever, Ms. Goodhouse, Mr. Sandal, Representative Anderson, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

## **MOTION PASSED**

Mr. Reinhardt also reported that the Investment Committee has reviewed the investment update with RIO and is in the process of reviewing the investment policies for all plans. This will be reviewed with the Board at a future meeting.

### **MISCELLANEOUS**

#### **Administrative Rules**

Mr. Collins indicated that the proposed administrative rules were previously reviewed with the Board and since the last meeting, a public hearing has been held to solicit comments. Staff was seeking Board approval to submit the rules to the Attorney General's Office for approval, then subject to approval, will submit to Legislative Council for final promulgation. He also reported that the request to repeal administrative rules relating to retiree health insurance credit has been submitted to the Chairman of the Administrative Rules Committee which is scheduled to meet in March 2016.

**REPRESENTATIVE ANDERSON MOVED APPROVAL TO SUBMIT THE RULES TO THE ATTORNEY GENERAL'S OFFICE FOR APPROVAL AND TO LEGISLATIVE COUNCIL FOR FINAL PROMULATION. THE MOTION WAS SECONDED BY MS. YVONNE SMITH.**

**Ayes:** Ms. Goodhouse, Senator Dever, Mr. Sandal, Ms. Wassim, Ms. Yvonne Smith, Representative Anderson, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

**MOTION PASSED**

**PERSLink**

Ms. Schiermeister reported that at the last two Board meetings, staff had reviewed a proposal from Sagitec to implement a mobile app that would tie into the PERSLink business system. Sagitec expressed interest in partnering with a client to be an early adapter and offer discount pricing. She also reported that a survey was sent to participating employers and the results showed there is interest in a mobile app. Ms. Schiermeister reviewed the best and final offer with the Board and indicated it may be necessary in the future to do a line item transfer from contingency funds for this project. If this is necessary, it will be brought before the Board. The Board discussed.

**REPRESENTATIVE ANDERSON MOVED APPROVAL FOR STAFF TO IMPLEMENT A MOBILE APP. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Mr. Sandal, Representative Anderson, Ms. Wassim, Ms. Yvonne Smith, Ms. Goodhouse, Senator Dever, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

**MOTION PASSED**

**Annual Enrollment Update**

Ms. Allen provided the Board with information relating to the 2016 calendar year annual enrollment. On average for all plans, 90% of the employees enrolled through the member self service portal.

Mr. Collins introduced Nationwide Retirement Solutions representatives who were in attendance at the meeting.

**MEMBER RETIREMENT ELIGIBILITY**

Mr. Collins indicated the member was available at the Board meeting so it will be necessary to go into executive session. Ms. Murtha indicated that Mr. Brisben, Attorney General's Office, was also in attendance representing the employer of the member. The

member signed a written consent to allow Mr. Brisben to attend the executive session to discuss the situation with the Board.

**MS. WASSIM MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC 44-04-19.2(1) AND 54-52-26 TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY REPRESENTATIVE ANDERSON.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Yvonne Smith, Ms. Wassim, and Chairman Strinden

**Nays:** None

**Absent:** Ms. A. Smith and Mr. Trenbeath

### **MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:55 a.m.

The Board returned to open session at 12:40 p.m.

The Board determined that this member issue be deferred to a special meeting to be held prior to the end of the year. The Board directed staff to obtain additional information prior to the special meeting.

Mr. Collins indicated that the Board planning meeting will be moved to February. Chairman Strinden reported that his term is completed, and the Governor intends to appoint a new chair prior to the planning meeting. He indicated he had been Chairman of the Board for 15 years.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 12:45 p.m.

Prepared by,

Cheryl Stockert  
Assistant to the Board