

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, July 21, 2016

8:30 A.M.

Members Present: Ms. Casey Goodhouse
Mr. Mike Sandal
Ms. Arvy Smith
Ms. Yvonne Smith
Ms. Kim Wassim

Via Videoconference: Representative Pamela Anderson
Chairman Jon Strinden

Members Absent: Senator Dick Dever
Mr. Thomas Trenbeath

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Sharon Schiermeister, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. Mary Jo Steffes, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Aime Miller, NDPERS
Ms. Jan Murtha, Attorney General's Office
Mr. Kirk Zimmer, Sanford Health Plan
Mr. Jeff Sandene, Sanford Health Plan
Ms. Lisa Carlson, Sanford Health Plan
Mr. Danny Weiss, Sanford Health Plan
Mr. Jim Wynstra, Sanford Health Plan
Mr. Mike Klepatz, Sanford Health Plan
Mr. Steve Ebert, Nationwide
Mr. Mike Schwab, ND Pharmacy Association
Dr. Wendy Brown, About the Patient Program
Ms. Nancy Kopp, ND Optometric Association
Ms. Tiffany Knauf, NDDoH
Ms. Deanette Foster
Ms. Maria Dockter, Agency MABU
Mr. Derek Milner, Agency MABU
Mr. Ben Jyring, Agency MABU

Via Teleconference: Mr. Randy Gomez, Nyhart

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 June 16, 2016 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE JUNE 16, 2016 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. ARVY SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

PRESENTATIONS

Website Update

Mr. Reinhardt introduced Agency MABU, the company that is developing the NDPERS website. Ms. Dockter, MABU web project manager, reported that their team has been working with the PERS team on development of the new website. Mr. Derek Milner, MABU lead web developer and graphic designer, explained that the main change relates to the website being easier to navigate by user type (Active Members, Retired Members, and Employers) which will enable the audience to navigate more efficiently. It will be more responsive which means it will be mobile optimized to adjust to a cell phone, tablet, etc. Mr. Milner further explained that PERS staff will be able to update their website. He provided an overview of the build of the website to the Board, indicating that it is a work in progress. Information included: overview of the home page, utility navigation, search feature, PERSLink login, the slider, quick links tailored to specific audience (I Want To, Life Events, Popular Forms), publications, latest news and events functionality, and responsiveness. The Board had questions and thanked MABU for presenting.

Quarterly Executive Summary

Mr. Klepatz, Sanford Health Plan (SHP), reported on the executive summary for the period January 1 through March 31, 2016. Mr. Klepatz reviewed the annual membership summary, membership trend, PMPM summary, fitness center reimbursement, health assessment, online wellness activities, EGWP top line performance metrics, monthly wellness themes, wellness event attendance by agency, and performance standards and guarantees.

Mr. Wynstra, SHP, presented information relating to claims analysis, membership and utilization, and high dollar cases.

Mr. Danny Weiss, SHP, presented information relating to prescription drugs which included generic utilization, specialty pharmacy, and monthly drug spending. Mr. Klepatz reported there is only one non-contracted institutional provider and 41 professional providers not on the PPO network. He indicated that disruption letters were sent out to members and providers. The Board had questions of the SHP staff relating to the report.

Mr. Sandene, SHP, reviewed a draft table of contents of their renewal with the Board. The renewal will be presented to the Board at the August meeting.

About the Patient Diabetes Program and Hypertension Pilot Project Reports

Mr. Collins indicated Mr. Schwab and Ms. Brown would provide the Board with an annual update on the diabetes program and hypertension pilot project program.

Ms. Brown, About the Patient clinical coordinator, presented an update on the program to the Board. She reported that About the Patient Program has been administering the diabetes management program since 2008. Patients are allowed to choose one of 54 community pharmacies for face-to-face program participation or telepharmacy services. Ms. Brown reviewed information which included a program analysis, demographics, pharmacist interventions, patient satisfaction survey, and budgeted level of service July 1, 2015 through June 2017. The overall participation rate is 10%. The Board had questions and discussed the program. In response to questions relating to the participation rate, Mr. Schwab, ND Pharmacists Association, indicated that only one marketing mailing was budgeted but they would be able to do another mailing as well as mail out additional postcard reminders. He indicated there is usually a renewed interest in the program after the mailings go out. Ms. Knauf, ND Department of Health, reported that their department administers a pre-diabetes program. Ms. Brown indicated there is a difference in the two programs, reaching different groups of individuals. The Board expressed interest in learning more about the Health Department's pre-diabetes program.

Ms. Brown presented the Board with an overview of the pilot hypertension-control program project. Seven community pharmacies in Fargo/West Fargo and the Bismarck/Mandan areas participated in the pilot. She presented information relating to the demographics, pharmacist interventions and patient satisfaction. Ms. Brown proposed that they would continue to spread education and credentialing of community pharmacists on a statewide basis utilizing the Department of Health grant. She reviewed future program initiatives with the Board and asked if NDPERS would be willing to waive the copays for hypertension medications if members participate in the program. She further requested if this program could be added along with the diabetes program for the 2017-2019 biennium. Ms. Knauf, ND Department of Health, further explained the positive aspects of the hypertension pilot project.

Mr. Collins indicated to the Board that as we go through the health insurance renewal process and submission of the budget in September, cost information will be obtained on the continuation of the diabetes program for 2017-19 biennium. Relating to the hypertension program, staff could develop a budget for the 2017-19 biennium. The Board concurred.

GROUP INSURANCE

OPEB Report

Mr. Reinhardt reported that the OPEB valuation is completed every two years. Mr. Gomez, Nyhart, reviewed the other post employment benefits (GASB 45) valuation results with the Board. The unfunded liability for pre-Medicare retiree health insurance for fiscal years 2016-2017 is approximately \$7 million. In fiscal year 2014-2015 the unfunded liability was at approximately \$30 million. He reviewed the report including how the annual required contributions were developed and the summary of the GASB 45 financial results with the Board. Mr. Collins explained that this report relates to the pre-Medicare retiree group and that as of July 1, 2015, PERS discontinued offering pre-Medicare retirees health insurance which is reason for the downward trend in the unfunded liability. The Board had questions and discussed.

**MS. ARVY SMITH MOVED TO ACCEPT THE GASB 45 ACTUARIAL VALUATION.
THE MOTION WAS SECONDED BY MS. YVONNE SMITH.**

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

Health Plan Renewal

Mr. Collins reported that staff is working on the request for proposal should that be the direction taken in September. Mr. Collins reviewed the proposal's time line with the Board. The proposed timeline recognizes the statutory guidelines. Mr. Collins also covered the proposed review process with the Board. The Board concurred with the proposed process.

Dental/Vision/Life Consultant RFP

Mr. Collins indicated that the Board may need to go into Executive Session. Ms. Murtha explained that it would be authorized under NDCC 44-04-19.1(9) and 44-04-19.2 for the purpose of discussing contract negotiations.

**MR. SANDAL MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION
PURSUANT TO NDCC 44-04-19.1(9) and 44-04-19.2 TO DISCUSS CONTRACT
NEGOTIATIONS IN A COMPETITIVE BID.THE MOTION WAS SECONDED BY MS.
WASSIM.**

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 1:15 p.m.

The Board returned to open session at 1:40 p.m.

REPRESENTATIVE ANDERSON MOVED TO GRANT AUTHORITY TO STAFF TO ENTER INTO CONTRACT RELATING TO THE TERMS AND CIRCUMSTANCES DISCUSSED IN THE EXECUTIVE SESSION. THE MOTION WAS SECONDED BY MS. ARVY SMITH.

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

Medicare Part D Prescription Limits

Ms. Allen indicated to the Board that the current policy for Part D members is they may only refill their prescriptions within 7 days from the end of their current supply. This has been an inconvenience for some members, particularly those in rural areas who may have to travel some distance. Ms. Allen indicated staff has been working with Mr. Weiss, SHP, and he suggested that we request ESI to adapt their programming to allow up to a 14-day period to refill prescriptions. The Board discussed.

MS. ARVY SMITH MOVED APPROVAL TO ALLOW MEMBERS TO REFILL PRESCRIPTIONS 14 DAYS BEFORE THE END OF THEIR CURRENT SUPPLY. THE MOTION WAS SECONDED BY MS. YVONNE SMITH.

The Board discussed the motion.

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

DEFINED CONTRIBUTION & DEFERRED COMPENSATION

Fees

Ms. Schiermeister reported that as part of the agreement with TIAA, they offer a revenue sharing feature for both the 457 Companion Plan and the 401(a) Defined Contribution Plan. This would occur when the TIAA recordkeeping fees exceed their expenses and if the difference exceeds \$5,000 per plan in a calendar year, it becomes available to NDPERS. There are currently revenue sharing fees of \$5,018.45 available for distribution in the 457 plan and staff is seeking direction from the Board whether to continue to distribute the revenue sharing fees to participants or retain the fees to pay for plan administrative expenses. The Board discussed.

Ms. Schiermeister further reported that a service level agreement is included in the TIAA recordkeeping agreement and that there is a penalty for noncompliance. To date, TIAA has been assessed penalties totaling \$2,950 (\$1,300 for the 401(a) plan and \$1,650 for the 457 plan). Staff is in the process of requesting that the penalties be distributed to PERS to help fund the administrative expenses for each of the plans. NDCC 54-52-04(11) gives PERS authority to use fines collected from deferred compensation service providers to fund administrative expenses, but there is not a similar provision for the 401(a) plan. This provision could be included in the technical bill for this next legislative session or wait until the 2019 session. The Board discussed and reviewed with Ms. Murtha.

MR. SANDAL MOVED TO CONTINUE TO DISTRIBUTE THE REVENUE SHARING DOLLARS TO THE 457 COMPANION PLAN PARTICIPANTS. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

MS. WASSIM MOVED TO INCLUDE A PROVISION IN THE PERS TECHNICAL BILL FOR THIS LEGISLATIVE SESSION TO ALLOW PENALTIES TO BE USED TO FUND THE ADMINISTRATIVE EXPENSES OF THE 401(a) DEFINED CONTRIBUTION PLAN OR TO DISTRIBUTE TO PARTICIPANTS. THE MOTION WAS SECONDED BY REPRESENTATIVE ANDERSON.

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

MISCELLANEOUS

Flexcomp Program Survey Results

Mr. Reinhardt reviewed the flexcomp program survey results with the Board. The Board requested further review of the written responses.

Mobile App Update

Ms. Schiermeister reported that work on the mobile app has been completed and 247 members have downloaded it.

Board Meeting Agendas

Mr. Collins indicated and the Board concurred that because there were absent Board members, this agenda item will be held over to the next meeting.

Quarterly Consultant Fees

The consultant fees for the quarter ending June 2016 was shared with the Board.

APPEALS

Infertility Benefits

Ms. Allen reported that at the November 2015 meeting it was reported that the deductible for the infertility benefit did not transfer when PERS transitioned to Sanford Health Plan. The benefit is a \$500 deductible and a \$20,000 lifetime maximum. The Board decided that the plan design be maintained, but that an opportunity be given to members to appeal their specific case relating to the deductible. Notification was sent to 77 subscribers at the end of May and to date PERS has received 19 subscriber responses requesting a claims review. Ms. Allen provided a list showing the deductibles incurred and reimbursement amount for the additional out of pocket deductible expenses since July 1, 2015. The Board discussed.

MS. YVONNE SMITH MOVED TO APPROVE REIMBURSEMENT TO THOSE 19 INDIVIDUALS UP TO \$500. THE MOTION WAS SECONDED BY MS. WASSIM.

The Board discussed the motion.

Ayes: Representative Anderson, Ms. Goodhouse, Ms. Arvy Smith, Ms. Yvonne Smith, Ms. Wassim, and Chairman Strinden

Nays: Mr. Sandal

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

Dental Change Effective Date

Ms. Allen reviewed information in which the member was appealing the effective date of coverage of dental plan annual enrollment. The Board discussed this appeal.

REPRESENTATIVE ANDERSON MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MS. WASSIM.

The Board discussed the motion.

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

Nays: None

Absent: Senator Dever and Mr. Trenbeath

MOTION PASSED

Mr. Collins indicated that a special Board meeting is scheduled for Thursday, September 8 on the health plan renewal.

There being no further business, the meeting adjourned at 12:07 p.m.

Prepared by,

Cheryl Stockert
Assistant to the Board