

MINUTES

North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

Thursday, June 18, 2015

8:30 A.M.

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

Via Videoconference: Chairman Strinden

Members 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. Deb Knudsen, NDPERS
Ms. Rebecca Fricke, NDPERS
Ms. MaryJo Steffes, NDPERS
Ms. Jan Murtha, Attorney General's Office
Ms. Lisa Carlson, Sanford Health Plan
Mr. Michael Klepatz, Sanford Health Plan
Ms. Katie Nermoe, Sanford Health Plan
Mr. Daniel Wassim, Attorney General's Office
Mr. Kevin Schoenborn, BCBSND
Ms. Jodi Crouse, BCBSND
Ms. Kim Wright, ADP

Via Videoconference: Ms. Onalee Sellheim, BCBSND
Mr. Michael Carlson, BCBSND
Ms. Stacy Duncan, BCBSND
Mr. Pat Bellmore, BCBSND

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 May 21, 2015 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE MAY 21, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

FLEX COMP

ADP Annual Report

Ms. Wright, ADP, presented the Board with the annual flex comp program update. She provided information relating to educational efforts, customer service information, usage statistics, savings estimates for the 2015 plan year, and 2014 performance results. The Board thanked Ms. Wright for the information and had questions relating to customer service, the ADP website, the decrease in enrollment and use of the card. Ms. Wright indicated that usually the larger pharmacies are IAS compliant and the card will work without submitting any follow-up paperwork. More education will be provided to members relating to use of the card. Mr. Collins indicated that use of the card has caused the most frustration among our members as they believe no paperwork has to be submitted. Mr. Collins indicated there is another option called the auto reimbursement method where the health plan claims go directly to ADP to be reimbursed. The Board also requested that ADP develop additional educational webinars and coordinate the notice through the payroll people in each agency.

GROUP INSURANCE

BCBS Quarterly Executive Summary

Mr. Schoenborn introduced Mr. Bellmore who was attending in the Fargo office. Mr. Bellmore indicated that BCBS has appreciated the partnership that they have had over the last 37 years. Chairman Strinden thanked BCBS for their years of quality service to the PERS members and indicated it has been an excellent partnership. Mr. Schoenborn, BCBSND, indicated that staff will walk through the report with the Board.

Ms. Crouse, BCBSND, reviewed the financial/trend analysis, membership and health utilization information, high dollar cases, prescription drug and specialty pharmacy information, health management, and wellness program information with the Board.

Mr. Schoenborn, BCBSND, reviewed the performance standards and guarantees with the Board and indicated were three areas below goal. Mr. Schoenborn stated it has been a pleasure working with the PERS Board and staff.

Health Plan Implementation Update

Ms. Knudsen presented the Board with an update on the health plan implementation with Sanford Health Plan, reviewing the specific efforts in each area. Staff continues to meet weekly with the Sanford Health Plan team and BCBS transition team. Internal transition teams meet weekly or more often as necessary to address issues that require further efforts or where concerns and/or risks have been identified. Ms. Fricke discussed the

wellness program implementation progress and shared observations contrasting the Sanford and BCBS programs with the Board. The Board requested a demo of the BWell portal. The Board had questions and discussed with staff.

Wellness Renewal

Ms. Fricke provided the annual employer based wellness program update to the Board. For the July 1, 2015 to June 30, 2016 plan year, 195 out of 270 employers elected to participate. This is a 72% employer participation rate; however, 97% of covered employees are working for employers that offer wellness programs and activities.

RETIREMENT

Direct Deposit for Pension Payments

Ms. Steffes reported to the Board that the current NDPERS form Authorization for Direct Deposit for Annuity Payments requires authorization by the financial institution. There have been financial institutions that either complete the form incorrectly or decline signing the authorization form because of the language stating "We agree to notify NDPERS upon becoming aware of the death of the payee." This was reviewed with legal counsel and Ms. Murtha indicated that if it is not the intent to pursue an overpayment of claims against the financial institution, such notice would not be necessary. Overpayments are usually pursued from the deceased person's beneficiary or estate. Another issue relates to retirees having their retirement check direct deposited in a foreign bank account. These can be complicated due to variable exchange rates between the exchange bank and the receiving bank resulting in additional transaction fees. There are a small number of retirees utilizing a foreign bank and staff would recommend allowing deposits only to banks within the United States. The Board had questions and discussed this with staff.

MS. Y. SMITH MOVED THAT STAFF UPDATE THE PROCESS BY ALLOWING RETIREES TO PROVIDE A VOIDED CHECK OR USE MEMBER SELF SERVICE TO SET UP DIRECT DEPOSIT FOR PENSION PAYMENTS, REMOVE THE BANK REPRESENTATIVE REQUIRED SIGNATURE, AND TO ONLY ALLOW DIRECT DEPOSITS TO BANKS WITHIN THE UNITED STATES. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Goodhouse, Mr. Sandal, Ms. Y. Smith, Ms. Wassim and Chairman Strinden

Nays: None

Absent: Ms. A. Smith and Mr. Trenbeath

MOTION PASSED

Disability Consulting Contract

Ms. Allen reported that the contract with Mid Dakota Clinic for disability consulting services is scheduled to expire June 30, 2015. Mid Dakota has indicated they wish to continue to perform these services for NDPERS at the rate of \$200 per hour for the

Period July 1, 2015 through June 30, 2016. This is the same hourly rate for the eighth year and staff is satisfied with their services. The Board indicated that at some point it would be prudent to explore what other types of bids or services are available.

MR. SANDAL MOVED APPROVAL TO CONTRACT WITH MID DAKOTA CLINIC FOR DISABILITY CONSULTING SERVICES FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016. THE MOTION WAS SECONDED BY MS. WASSIM.

Ayes: Ms. Y. Smith, Mr. Sandal, Ms. Wassim, Ms. Goodhouse, and Chairman Strinden

Nays: None

Absent: Ms. A. Smith and Mr. Trenbeath

MOTION PASSED

RHIC Implementation Update

Mr. Reinhardt provided the RHIC implementation progress to the Board. Staff continues to work with the vendor ASIFlex and the implementation is on target. The contract, implementation document, plan design, informational mailings, and initial enrollment have been completed. The team is finishing the data file testing and ASI is setting up the direct deposits. Ms. Schiermeister explained to the Board that this has been a challenging implementation as we are taking the RHIC data and using it in a way we did not anticipate. Staff has had and is expecting a higher than normal call volume relating to enrolling in and receiving the RHIC reimbursement from ASIFlex which is monitored on a daily basis. The Board had questions.

DC 401(a) Tracking

Mr. Reinhardt provided an update to the Board on the defined contribution 401(a) enrollments through May 2015. Fifty-four out of 2,064 members have elected to enroll in the defined contribution plan since October 2013.

MISCELLANEOUS

Attorney General's Opinion

Mr. Collins shared the recently released Attorney General Opinion relating to whether PERS is authorized to make expenditures during the 2015-2017 biennium without Senate Bill 2022 being passed. Ms. Murtha explained the provisions of the continuing appropriation authority. Mr. Collins indicated that since the release of this Opinion, the Legislature met to approve the budget bill (SB 2022) with an agency appropriation. That bill also included a provision to expand the membership of the PERS Board by two. He indicated that Senator Ray Holmberg, Chair of Legislative Management, will appoint two new Board members from the Legislature, one Republican and one Democrat. Mr. Collins explained that once an individual is put on the PERS Board, they are not there to represent their group, they are there to act as fiduciaries for the retirement plans and benefits entrusted to them.

Agency Operations

Ms. Schiermeister indicated that in March she reviewed with the Board several initiatives that would be taking place prior to the end of the biennium. It was identified that there was need for additional temporary staffing, office space and workload adjustments which could require appropriation authority to be transferred from the contingency line item to the salary and/or operating line items. She updated the Board on the initiatives and indicated it would be necessary to request a line item transfer of \$25,000 from the contingency line to the salary line and \$25,000 from the contingency line to the operating line.

MR. SANDAL MOVED APPROVAL OF THE CONTINENCY LINE ITEM TRANSFERS. THE MOTION WAS SECONDED BY MS. Y. SMITH.

Ayes: Ms. Wassim, Ms. Goodhouse, Ms. Y. Smith, Mr. Sandal and Chairman Strinden

Nays: None

Absent: Ms. A. Smith and Mr. Trenbeath

MOTION PASSED

Quarterly Consultant Fees

The first quarter 2015 quarterly consultant fee report was shared with the Board.

February 18, PERS Audit Committee Minutes

The approved minutes from the February 28, 2015 PERS Audit Committee was shared with the Board.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 10:50 a.m.

Prepared by,

Cheryl Stockert
Assistant to the Board