

MINUTES

North Dakota Public Employees Retirement System

Workforce Safety and Insurance, Bismarck

Thursday, October 22, 2015

8:30 A.M.

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

Via Teleconference: Chairman Strinden

Members Absent: Representative Pamela Anderson
Ms. Arvy Smith

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. Michael Klepatz, Sanford Health Plan
Ms. Katie Nermoe, Sanford Health Plan
Mr. Jason Hubers, Sanford Health Plan
Dr. Mike Crandell, Sanford Health Plan
Mr. Mike Schwab, ND Pharmacy Association
Mr. Kevin Schoenborn, BCBSND
Mr. Brad Ramirez, Segal
Ms. Laura Mitchell, Segal

Via Videoconference: Mr. Jeff Sandene, Sanford Health Plan
Representative Jim Kasper

Chairman Strinden called the meeting to order at 8:30 a.m.

Chairman Strinden called for any questions or comments regarding the minutes of the September 16, 2015 Board meeting.

MR. SANDAL MOVED APPROVAL OF THE SEPTEMBER 16, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY SENATOR DEVER AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

Chairman Strinden called for any questions or comments regarding the minutes of the September 24, 2015 Board meeting.

SENATOR DEVER MOVED APPROVAL OF THE SEPTEMBER 24, 2015 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. Y. SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.

RETIREMENT

Actuarial Valuations

Mr. Collins reported that Mr. Ramirez and Ms. Mitchell from Segal were at the meeting to review the actuarial valuation as of July 1, 2015 with the Board. Mr. Ramirez and Ms. Mitchell from Segal reviewed the valuation with the Board. Areas covered included valuation methods, assumptions, plan of benefits; valuation highlights, membership and demographics, valuation results, GASB No. 67, and projections. The final valuation report will be available at a later date and will be provided to the Board. The Board had questions and discussed the findings.

Retirement Consultant Request for Proposal

Mr. Collins reviewed the scope of services and timelines in the Retirement Plan Services Request for Proposal with the Board and indicated that in the past the flex comp program had been included in this effort. He was seeking Board approval to move forward with issuing the request for proposal for retirement consulting services and to determine if the flex comp program should be included. The Board discussed.

MR. TRENBEATH MOVED APPROVAL OF THE RETIREMENT PLAN SERVICES REQUEST FOR PROPOSAL AND TO INCLUDE THE FLEX COMP PROGRAM SERVICES. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

Asset Liability Study

Mr. Collins reported that once the experience study has been completed which is every five years, PERS follows up with conducting an asset liability study. The purpose of the asset liability study is to review the investment strategy to insure that it is designed to

meet the liabilities. PERS completed its experience study in September. Mr. Collins noted that if PERS moves forward with the asset liability study, state law directs that we contract with one of the consultants who work for the State Investment Board. The three consultants currently working for the SIB are Segal, Callan and SEI.

MR. SANDAL MOVED APPROVAL TO SEEK PROPOSALS FOR AN ASSET LIABILITY STUDY FROM THE CONSULTANTS THAT WORK FOR THE STATE INVESTMENT BOARD. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

Job Service COLA

Ms. Allen indicated that the Board is authorized under Article VII (3) of the Job Service Plan document to give an increase to Job Service annuitants based on what is provided to federal employees. The last increase for annuitants in this system was 1.7% effective December 1, 2014. The Department of Labor publicized the cost of living adjustment index for the federal civil service plan with no increase. Since there was no increase for the federal civil service plan, no action was required by the Board. Mr. Collins indicated PERS would be notifying the Job Service retirees that there will be no increase.

Defined Contribution to Defined Benefit Retirement Plan Implementation

Ms. Steffes provided an update to the Board. She reviewed several scenarios relating to member issues regarding the implementation of the DC/DB election that were recently clarified as a result of legal review.

Ms. Steffes indicated that DC plan members were sent a letter on October 14 confirming eligibility for the three month special election period which begins November 1. She further reviewed that as part of the implementation, staff will hold four informational meetings in November and schedule two weeks of agency on-site one-on-one consultations with PERS staff and the TIAA-CREF financial consultant. Mr. Collins further explained the administrative process that members must follow to make an election back to the defined benefit plan.

Defined Contribution Plan Reporting

Mr. Reinhardt provided the Board with an update on the defined contribution plan enrollments. Since October 2013, there have been 66 members out of 2,626 eligible members that elected the DC plan. There are currently 236 active members participating.

GROUP INSURANCE

Group Insurance Consultant Request for Proposal

Mr. Collins reviewed the scope of services and timelines in the Uniform Group Insurance Consultant Request for Proposal with the Board. He indicated the existing contract with Deloitte expires at the end of December and the timeline to do the actual selection is December/January, so it may be necessary to do a contract extension for a couple of months.

Mr. Collins indicated he was seeking Board approval to move forward with issuing the request for proposal. The Board discussed.

MR. SANDAL MOVED APPROVAL OF THE UNIFORM GROUP INSURANCE REQUEST FOR PROPOSAL. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

Pharmacy Update

Mr. Collins indicated that representatives from Sanford Health Plan were present to respond to the Board request for a pharmacy update. Mr. Sandene and Dr. Crandell, Sanford Health Plan, provided an update relating to: member calls relating to the increase in the cost of drugs; open versus closed formulary drug coverage; pharmacy reimbursement issues for both urban and rural pharmacies; and flu shots/immunizations. They also provided information on how they are working with members and ESI to resolve the issues. The Board discussed these issues with Sanford staff.

Mr. Schwab, ND Pharmacy Association, indicated that many of the pharmacy issues arise because ESI uses multiple and low MAC lists. He indicated that their office has been fielding some of the calls and suggested that he could advise the pharmacists to call Sanford (ESI) directly.

Representative Kasper indicated that legislators continue to hear from both rural and urban pharmacists about their inability to come to a satisfactory resolution on contracting with ESI. He indicated there is not enough transparency on how the reimbursements and contracts work. He also indicated that the expectation is that a resolution must be reached with the North Dakota pharmacies and consumers very soon.

The Board discussed and noted that progress has been made and suggested that all parties meet to discuss possible resolutions. Mr. Collins requested and the Board concurred that Sanford report to the Board in December or January.

Medicare A Only Coverage

Ms. Fricke explained that for a retiree to be eligible for the Dakota Retiree Plan, they must carry both Medicare Parts A and B. When members cancel or lose their Medicare Part B coverage, it is necessary to cancel their Dakota Retiree Plan medical coverage and adjust the premium retroactively to reflect that the NDPERS plan is primary for medical expenses, rather than Medicare Part B. With the closing of the Dakota Plan to retirees that retire on or after July 1, 2015, staff has discussed with Sanford what options could be used when these situations occur with individuals who lose or cancel Part B coverage in the future. Ms. Fricke indicated staff recommends the option to move the retiree to a Gap Plan, which provides the same coverage as the Dakota Plan since they no longer have Part B to be primary on medical expenses. Sanford has indicated that the Gap Plan can have the same premium rates as the established pre-Medicare rates. The member would be allowed a 15-month window to participate in the Gap Plan in order to get their Part B reinstated or they would lose their PERS medical coverage. The Board discussed and had questions relating to staff recommendation.

MR. SANDAL MOVED APPROVAL OF STAFF RECOMMENDATION. THE MOTION WAS SECONDED BY MS. WASSIM.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

Implementation Update

Ms. Schiermeister updated the Board on the health plan implementation with Sanford Health Plan (SHP). Staff continues to meet weekly with the SHP team and BCBS transition team. Internal transition teams meet weekly or more often as necessary to discuss business processes and operational issues. Ms. Fricke reported on the member communication efforts, wellness, pharmacy and care management, Medicare Part D program, ESI call center, website/forms, and staffing. She reported that staff became aware that some individuals that redeemed points with BCBS and Sanford were able to redeem points exceeding their remaining balance through Sanford. This will be brought back to the Board at a future meeting after Sanford has had a chance to review the situation and provide options.

Ms. Fricke also reviewed with the Board that members who have utilized infertility services have had their \$20,000 lifetime benefit reset as a result of the transition to SHP but the \$500 deductible is also reset. She indicated staff has had some members express concerns with the deductible resetting. The Board requested that staff and Sanford review the infertility services and bring options to the Board at the November meeting.

FLEX COMP

Flex Comp Plan Document

Ms. Allen reported that the flex comp plan document was provided at the September meeting for Board review and feedback. The plan document as presented incorporates changes recommended by Segal and PERS staff. It is currently being reviewed by legal counsel. Ms. Allen indicated that Section 2.24 will be reviewed and language incorporated into the plan document that is consistent with same gender marriage language that was communicated to PERS members.

MR. TRENBEATH MOVED APPROVAL OF THE FLEX COMP PLAN DOCUMENT WITH LANGUAGE RELATING TO SAME GENDER MARRIAGE UPDATED IN SECTION 2.24. THE MOTION WAS SECONDED BY SENATOR DEVER.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

MISCELLANEOUS

Board Committee Assignments

Mr. Collins indicated this can be deferred to the next Board meeting. The Board concurred.

PERSLink

Ms. Schiermeister reported that Sagitec, the PERS vendor for the PERSLink business system, had been onsite to provide a presentation of new features that will be available to all clients. One of the newest features is a mobile app where members can access account information with their smart device. Sagitec is looking for a client to be an early adopter of this product and have offered a proposal with a significant price discount. The Board indicated this would be a good effort, but was concerned about whether staff has the time to devote to this project at this time. The Board directed staff to go back to Sagitec to obtain specific information on staff time needed and cost, including annual maintenance fees, and review with the Board at the next meeting.

Quarterly Consultant Fees

The quarterly consultant fee report for the quarter ending September 2015 was shared with the Board.

DEFERRED COMPENSATION

Hardship Case #276

Ms. Allen indicated the member was available via conference call. She explained that the member is requesting a hardship withdrawal to cover expenses related to outstanding medical expenses.

MR. SANDAL 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 SENATOR DEVER.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:15 p.m.

The Board returned to open session at 12:30 p.m.

MR. TRENBEATH MOVED TO APPROVE THE HARDSHIP, BASED ON THE AMOUNT SUBSTANTIATED OF \$4,851.22, AND TO INCLUDE TAXES. THE MOTION WAS SECONDED BY MS. Y. SMITH.

The Board discussed and clarified that taxes were to be included in the total amount of the hardship withdrawal.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

APPEALS

Group Health Appeal #281

Ms. Allen indicated that the member is appealing the underpayment of premium due to their dropping Medicare Part B coverage. Member was notified that as a result of dropping Medicare Part B coverage, they would have to pay a higher premium. The Board reviewed a similar case at the July meeting and the member's request was denied. The Board discussed this case.

MR. TRENBEATH MOVED TO DENY THE APPEAL. THE MOTION WAS SECONDED BY MS. Y. SMITH.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

Group Health Appeal #283

Ms. Allen indicated that the member was appealing the repayment of an underpayment of health premium that resulted from the individual being inadvertently enrolled in the wrong level of coverage. The member enrolled for family coverage of 3 or more family members. The premium code that was entered was for a family of 2. The error was discovered when the member submitted an application in April of 2015 to add another family member and at that time the premium was corrected effective July 1, 2015. The Board reviewed a similar case at the May meeting and staff had noted that the application form was revised so the member would have to definitively elect whether the application was for two, three or more family members. Because this is the second case of this nature in the last few months, staff did a system query to review all member records and it was determined there were others that were coded incorrectly. Mr. Collins indicated we would bring this to the next meeting for Board review.

MR. SANDAL MOVED TO RELEASE THE MEMBER FROM THE LIABILITY BECAUSE THE UNDERPAYMENT WAS NOT THE FAULT OF THE MEMBER. THE MOTION WAS SECONDED BY MS. GOODHOUSE.

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

Nays: None

Absent: Representative Anderson and Ms. A. Smith

MOTION PASSED

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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