

MINUTES

North Dakota Public Employees Retirement System

Thursday, April 20, 2006
ND Association of Counties, Bismarck
BCBS, 4510 13th Ave SW, Fargo
8:30 A.M.

Members Present: Ms. Joan Ehrhardt
Mr. Ron Leingang
Mr. Howard Sage
Ms. Arvy Smith
Ms. Sandi Tabor

Via Video Conference: Ms. Rosey Sand
Chairman Jon Strinden

Others Present: Mr. Sparb Collins, Executive Director, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Rebecca Fricke, NDPERS
Mr. Scott Miller, Attorney General's Office
Mr. Kevin Schoenborn, BCBS
Ms. Onalee Sellheim, BCBS
Ms. Jodee Buhr, NDPEA
Mr. Bill Kalanek, AFPE
Mr. Tom Tupa, APT
Ms. Jodi Buhr, NDPEA
Mr. Keith Johnson, Custer District Health Unit

Via Video Conference: Mr. Larry Brooks, BCBS
Ms. Cheryl Keller-Johnson, BCBS
Mr. Bob Stoup, BCBS
Ms. Nancy Vogeltanz-Holm, UND

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

MINUTES

Chairman Strinden called for any questions or comments regarding the minutes of the March 16, and April 4, 2006 Board meetings.

THERE BEING NONE, MS. SAND MOVED APPROVAL OF THE MARCH 16 AND APRIL 4, 2006 BOARD MEETING MINUTES. MS. TABOR SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

District Health Units

Mr. Collins stated we have been evaluating this issue the last couple of months. Mr. Keith Johnson from the Custer District Health Unit presented to the Board proposed legislation relating to Section 54-52.1-03.1, which states "The Garrison Diversion Conservancy District, and district health units required to participate in the public employees retirement system under section 54-52-02, may participate in the uniform group insurance program under the same terms and conditions as state agencies." This legislation attempts to bring district health units in under the same terms and conditions as state agencies. Mr. Collins indicated that the staff recommendation would be "to maintain the status quo until the legislature has an opportunity to address this issue by reviewing the proposed legislation". If no changes are made to the law, then District Health Units would be considered political subdivisions beginning in 2007. Any new health districts that apply with PERS would obtain the political subdivision rate not the state rate for health insurance purposes.

MS. SMITH MOVED TO ACCEPT STAFF RECOMMENDATION. THE MOTION WAS SECONDED BY MS. SAND.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden

Nays: None

PASSED

BCBS Annual Report

Mr. Shoenborn from BCBS presented information relating to their annual report. Topics presented included: claims incurred July 1, 2004 through June 30, 2005; annual comparisons of Total PERS and Total Actives; Annual Comparisons on EPO and PPO actives; Annual Comparisons on Retirees and COBRA; Discounts Comparisons on Active and Retiree Members; Demographics; High Dollar Claims for Actives and Retirees; Case Benefit Management; Prescription Drugs for Actives and Retirees; Member Education;

Wellness Benefit Programs Update; Smoking Cessation; and Health Dialog. The complete report is on file at the NDPERS office.

Group Medical Plan – Surplus/Affordability Update

Mr. Reinhardt presented information regarding the February 2006 surplus projection and affordability analysis for the NDPERS group medical plan. The projection for the 2003-2005 biennium shows an ending balance of \$15.6 million; the amount targeted for the 2005-2007 biennium is \$14.3 million.

Pilot Program – Worksite Wellness

Ms. Nancy Vogeltanz-Holm from UND gave an update on the worksite wellness project. There are 4 Bismarck state agencies with approximately 400 employees involved in the pilot project (OMB, Tax Department, Commerce Department, and State Historical Society). Two worksites are receiving high level intervention and 2 are receiving medium level intervention. The preliminary data with health councils reporting various activities including walking/physical activity clubs, weight loss clubs, outside presentations, healthy snacks, and incentives. All worksites reported at least moderate level of activities with moderate employee interest/participation. Planned activities for the period May to December 2006 include continuation of all ongoing activities, 12-month evaluation reports to worksites, initiate Year 2 Personal Behavioral Health Profiles (PBHP's) including immediate feedback, and revise/update self-help materials including health newsletters.

Employer Based Wellness Discount Program

Ms. Knudsen stated the information provided is a follow-up to information received in February. Letters have been sent to the heads of employer groups either informing them they had taken the appropriate steps to achieve the wellness discount or informing them that they had not yet submitted the necessary documentation to receive the discount. It was explained that the wellness discount program is optional and non-participation would result in an increase in premium effective July 1, 2006. Varied activities have been planned by agencies. Some of the smaller entities are partnering with others to develop their wellness program which seems to be working very well. Mr. Collins indicated that Ms. Rebecca Fricke will be taking over the wellness program duties.

BCBS Contract Amendment

Ms. Allen reported that the Summary of Material Modifications and Service Agreement for the Dakota Plan does not include the portion that refers to the prescription drug benefit for Medicare retirees since they are now enrolled in the Medicare BlueRx Prescription Drug Plan effective January 1, 2006. The amendment reflects the adjusted premiums for this group as a result of the implementation of the PDP. PERS staff has reviewed and verified the premium schedule and recommends approval of the changes.

MS. TABOR MOVED APPROVAL OF THE ADMINISTRATIVE SERVICE AGREEMENT AMENDMENT. MS. SMITH SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden.

Nays: None

PASSED

Prenatal Plus Program Prenatal Vitamins

Mr. Reinhardt indicated that at the previous meeting there was discussion regarding an issue with prenatal vitamins copayment amount not being waived when the member is enrolled under the prenatal plus program. Mr. Brooks stated it was unfortunate this happened. The SPD should be followed and BCBS recommendation is to make this change immediately. The Board raised the question what was paid out in error and what was the cost to the members and PERS. BCBS will provide this information at the next Board meeting.

MS. SAND MOVED TO ADOPT OPTION 1 TO HAVE BCBS ADMINISTER THE PRENATAL VITAMIN COST SHARING AS WORDED IN THE SPD. MS. TABOR SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden.

Nays: None

PASSED

Coordination of Benefits – BCBS

Mr. Brooks from BCBS reported the National Association of Insurance Commissioners changed their regulations to no longer mandate banking of coordination of benefit dollars. These new regulations were effective January 1, 2006 and were implemented by the ND Insurance Commissioner. Therefore, BCBSND made the decision to discontinue administering this provision effective January 1, 2007 for all fully insured and self-funded health benefit plans across the state. Ms. Keller-Johnson from BCBS explained that COB banking only affects those members that have dual insurance, when the PERS plan pays secondary. If BCBS's payment as the secondary plan is less than it would have been if BCBS was the primary plan, the calculated amount "saved" accumulates (banks) during the year. These banked amounts are used to reimburse the member for eligible out-of-pocket amounts that are not ordinarily covered (co-pays, deductibles and coinsurance). The Board requested information from BCBS relating to how many employees can coordinate benefits and what effect this change in policy will have on them. Mr. Brooks stated as far as notifying employees, there is no best way to obtain good information relating to all members with dual coverage. BCBS is willing to assist NDPERS with informing members of this change. The Board raised the question as to how many

employees are currently using this benefit, and also of the total banked dollars for 2004, how many were professional versus institutional claims. Action was postponed until the May meeting to allow BCBS to share requested information with the Board.

MONTHLY TOPICS

IT Project Update

Mr. Collins requested the Board meeting be moved one week later (June 29) in order to give Wechsler (our IT consultant) an extra week to complete the feasibility study. The meeting is tentatively scheduled for June 29 beginning at 1:30 p.m. Mr. Collins stated the contract with Wechsler has been reviewed and approved by the Attorney General's Office and ITD. We are seeking Board approval for signature.

MS. TABOR MOVED TO APPROVE AND SIGN THE WECHSLER CONTRACT. MR. SAGE SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, Ms. Ehrhardt, and Chairman Strinden

Nays: None

PASSED

MISCELLANEOUS

2005/2006 Business Plans

Mr. Collins indicated the 2005 Business Progress Report and 2006 Business Plan is available for the Board's review. We are currently reviewing the 2006 Plan and will report to the Board in May with any changes resulting from the IT Project.

Legislation

Mr. Collins indicated the proposed legislation was submitted to the Employee Benefits Committee based on the actions at the March meeting. The matrix in the Board book shows the bill language as well as what PERS is trying to accomplish. As we receive the technical evaluations on each bill and review the information, the Board can make any necessary changes.

The State Investment Board agenda and minutes were provided to the Board members for their information.

Mr. Collins stated that this summer Ms. Ehrhardt will attend a retirement training educational session relating to retirement plans and benefits.

NDPERS Board Meeting
April 20, 2006
Page 6 of 6

MS. TABOR MOVED TO APPROVE MS. EHRHARDT AS WELL AS ANOTHER INDIVIDUAL TO ATTEND THIS SESSION. MR. LEINGANG SECONDED THE MOTION.

Ayes: Mr. Leingang, Mr. Sage, Ms. Sand, Ms. Smith, Ms. Tabor, and Chairman Strinden
Nays: None
PASSED

The meeting adjourned at 10:35 a.m.

Prepared by,

Cheryl Stockert
Secretary to the NDPERS Board