

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

BCBS, 4510 13<sup>th</sup> Ave SW, Fargo

Thursday, April 29, 2010

8:30 A.M.

Members Present: Ms. Joan Ehrhardt  
Mr. Levi Erdmann  
Mr. Howard Sage  
Mr. Mike Sandal  
Ms. Arvy Smith  
Mr. Thomas Trenbeath

Via Videoconference: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS  
Ms. Cheryl Stockert, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Deb Knudsen, NDPERS  
Mr. Aaron Webb, Attorney Generals Office  
Ms. Onalee Sellheim, BCBSND  
Mr. Brad Ramirez, Segal  
Ms. Lois Sundquist, NDPEA  
Mr. Bill Kalanek, AFPE  
Mr. Pat Pechacek, Deloitte  
Mr. Pete Roverud, Deloitte

Via Videoconference: Mr. Kevin Schoenborn, BCBSND

Chairman 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 25, 2010 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE MARCH 25, 2010 NDPERS BOARD MINUTES. THE MOTION WAS SECONDED BY MS. EHRHARDT. THE MINUTES WERE APPROVED.**

Chairman Strinden called for any questions or comments regarding the minutes of the April 7, 2010 Board meeting, noting a correction on page 3.

**MR. ERDMANN MOVED APPROVAL OF THE APRIL 7, 2010 BOARD MINUTES AS CORRECTED. THE MOTION WAS SECONDED BY MR. SAGE. THE MINUTES WERE APPROVED.**

### **PERSLink**

#### **ICON Contract**

Ms. Schiermeister reported to the Board that there is a need to have ICON, the vendor hired to assist with the PERSLink project data conversion effort, perform three additional data reconciliation efforts. She presented a specific proposal for this effort which included three data reconciliation cycles. Ms. Schiermeister requested approval to reallocate project dollars up to \$36,750 for this effort. The Board had questions relating to the PERSLink budget.

**MR. SANDAL MOVED APPROVAL TO RETAIN ICON TO ASSIST THE PERSLINK PROJECT TEAM WITH THE DATA RECONCILIATION PROCESS. THE MOTION WAS SECONDED BY MS. SMITH.**

**Ayes:** Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Ms. Ehrhardt, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Trenbeath

### **MOTION PASSED**

#### **PERSLink Update**

Ms. Schiermeister provided the Board with a project update. Additional updates are scheduled to be given to the Board in June, August and October. The presentation focused on the current status of the project, major activities remaining to be accomplished, communication activities, change management, and ongoing support and maintenance. The project began October 1, 2007 with a scheduled end date of October 1, 2010; however, the project is one month behind due in large part to user acceptance testing taking longer with the limited PERS staff resources. Overall, PERS is satisfied with the vendor commitment and quality of product being delivered. The Board commended staff on a job well done in the area of project management.

#### **PERSLink Quarterly Report**

Mr. Reinhardt presented the ninth progress report in the final year of PERS three year business system replacement project. The project is on time and on budget.

## **GROUP INSURANCE**

### **Health Plan Strategies**

Mr. Collins indicated to the Board that at the February meeting BCBS presented various pharmacy strategy options. Staff is recommending implementing moving forward with three options: implement a specialty pharmacy program; make available more education material to members relating to Prime Mail; and implement a step therapy program. The Board was asked to select the options and this will be brought back to the Board for the final implementation decision. The Board had questions relating to the various options which were answered by BCBS.

**MR. SAGE MOVED TO CONTINUE FORWARD WITH OPTIONS 2, 3, AND 4. THE MOTION WAS SECONDED BY MR. ERDMANN.**

**Ayes:** Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Ms. Ehrhardt, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Trenbeath

**MOTION PASSED**

### **BCBS Update**

Mr. Collins reported that he and Chairman Strinden met with the BCBS Board Friday, April 23. This was in response to the meeting with Mr. von Ebers and PERS letter to try to enhance board to board communications. Mr. Collins shared with the Board his presentation from that meeting. Chairman Strinden reported the meeting was very productive and appeared the BCBS Board is very much interested in working with us. Mr. Collins indicated that Mr. von Ebers and the Chairman of their Board, Mr. Bob Lamp, will present at the June PERS Board meeting. The Board had questions relating to how BCBS responded to PERS concerns. Mr. Collins indicated the BCBS Board was well aware of the concerns raised last April, with two primary points were raised – value and quality in our health insurance plan.

## **RETIREMENT**

### **Experience Study**

Mr. Ramirez from Segal reviewed with the Board the experience study results as presented to the Board at the February meeting. The experience study is completed every five years to test the actuarial assumptions that are used to value the plan each year. Segal has recommended changes in the assumptions as follows: increase the overall salary increase assumption; adjust the current retirement rates; update the current mortality table by decreasing pre- and post- retirement mortality rates; decrease the current termination rates; decrease the current disability rates overall for PERS members; slight increase in the percent married assumption; monitor assumptions for the age of survivors; monitor refund of employee contributions; monitor the PEP participation; monitor retiree health participation rates; change the administrative expense assumption;

change the HP assumption to 4.5%. The Board had questions of Segal and staff that were answered.

**MR. SANDAL MOVED TO ACCEPT THE SEGAL RECOMMENDATIONS ON CHANGES TO THE ASSUMPTIONS AND TO ACCEPT THE ADMINISTRATIVE EXPENSES AT THE AVERAGE LEVEL NOT THE PROPOSED LEVEL. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

**Ayes:** Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Ms. Ehrhardt, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Trenbeath

### **MOTION PASSED**

Mr. Collins indicated that several months ago, the Board discussed the option of reviewing the possible benefit of moving to a 30 year amortization schedule. Mr. Ramirez with Segal provided an analysis of this option. The Board discussed this and concurred that the 20 year amortization schedule will remain.

### **Judges Plan**

Mr. Collins reviewed with the Board the first draft of the plan documents for implementing the Judges health care savings plan. Staff will be meeting with the Judges and this will be brought to the Board in May for final approval. If approved, the plan would be effective July 1 for salary paid in August.

### **DEFERRED COMPENSATION**

#### **Provider Issues**

Ms. Allen followed up with the Board on matters relating to Chase and Symetra being out of compliance with PERS training requirements. Since the March Board meeting, Chase did respond to PERS request and has taken the appropriate action to bring them into compliance with the contract provisions regarding agent training. Symetra has not responded and they are currently on a loss of active provider status. Symetra currently has 31 participants, with 11 actively contributing. The Board discussed this issue and had questions of staff.

**MR. SANDAL MOVED TO APPROVE LOSS OF PROVIDER STATUS FOR SYMETRA PURSUANT TO NDAC 71-04-04-09 AND TO SUSPEND THEIR CONTRIBUTIONS EFFECTIVE WITH THE JULY PAYROLL PAID AUGUST 1, 2010. THE MOTION WAS SECONDED BY MS. SMITH.**

Further discussion among Board members and staff related to the request that all 31 Symetra participants be notified of this information.

**Ayes:** Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Ms. Ehrhardt, and Chairman Strinden

**Nays:** None

**Absent:** Mr. Trenbeath

## **MOTION PASSED**

### **MISCELLANEOUS**

#### **Quarterly Consultant Fees**

The report of consultant fees paid during the quarter ending March 31, 2010 was presented to the Board for their information.

#### **Review**

Chairman Strinden indicated there is a need to have three Board members coordinating the annual review of the Executive Director. Mr. Sage, Mr. Erdmann, and Chairman Strinden will serve on the committee, with Mr. Sage as Chair. Staff will email Board members the review form, collect the completed reviews, and coordinate through Mr. Sage.

#### **Health Bid**

Mr. Collins indicated to the Board that representatives from Deloitte were in attendance and recommended that the Board go into executive session to discuss strategy relating to the health bid.

#### **State Investment Board**

PERS Board members presented an update on activities of the SIB. Two committees have been established, one as a search committee for a permanent replacement of the executive director and an executive committee to find an interim executive director. The audit committee is also preparing an RFP to hire an audit company to conduct a special audit. Mr. Sandal is serving on the search and audit committees and Mr. Erdmann is serving on the executive committee.

### **EXECUTIVE SESSION**

**MR. SAGE MOVED THAT THE BOARD GO INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY WITH DELOITTE ON THE HEALTH BID. THE MOTION WAS SECONDED BY MS. EHRHARDT.**

**Ayes:** Mr. Sage, Mr. Erdmann, Ms. Smith, Mr. Sandal, Mr. Trenbeath, Ms. Ehrhardt, and Chairman Strinden

**Nays:** None

## **MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 10:20 a.m.

Chairman Strinden directed the Board to return to open session. The Executive Session closed at 11:20 a.m. and the Board returned to open session.

Mr. Collins presented an update to the Board on the Legislative Employee Benefits Committee (LEBC) which convened on April 27. LEBC will meet again July 15, September 21, and October 26. July 15 is our regularly scheduled Board meeting which may have to be rescheduled.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:25 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the Board