

# MINUTES

## North Dakota Public Employees Retirement System

ND Association of Counties, Bismarck

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

Thursday, August 26, 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  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Deb Knudsen, NDPERS  
Mr. Aaron Webb, Attorney Generals Office  
Ms. Onalee Sellheim, BCBSND  
Mr. Bill Kalanek, AFPE  
Ms. Lois Sundquist, NDPEA  
Mr. Pat Pechacek, Deloitte Consulting  
Mr. Peter Roverud, Deloitte Consulting  
Mr. Jim Schaefer, Gabriel Roeder Smith

Via Videoconference: Mr. Jim Sorensen, BCBSND  
Ms. Jodi Crouse, BCBSND  
Mr. Michael Carlson, 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 July 15, 2010 Board meeting.

**MR. SANDAL MOVED APPROVAL OF THE JULY 15, 2010 BOARD MINUTES. THE MOTION WAS SECONDED BY MS EHRHARDT. THE MINUTES WERE APPROVED.**

## **RETIREMENT**

### **RIO Update**

Mr. Gilbertson reported to the Board that the search committee for the new executive director will meet on September 17, to review applications, with interviews scheduled for late September early October. Candidates that are recommended will be interviewed by the full State Investment Board. The audit will be presented to the full SIB on August 27. There were no negative findings; however, there were operational suggestions. Interviews with all the money managers are almost concluded.

### **Highway Patrol Indexing**

Ms. Allen stated that it is necessary for the Board to determine the rate to be used in establishing the index factor for deferred members of the Highway Patrol. During this last legislative session, agency budgets were increased by 5% for salary increases for the second year of the 2009-10 biennium and employees were to receive a minimum monthly increase of \$100. The North Dakota Highway Patrol leadership is recommending that deferred members in its system have their final average salary indexed by 5%.

**MR. TRENBEATH MOVED APPROVAL OF A FIVE PERCENT ANNUAL INCREASE IN THE FINAL AVERAGE SALARY INDEXING FOR HIGHWAY PATROL MEMBERS EFFECTIVE JULY 1, 2010. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**MOTION PASSED**

### **IRS Letter Determination/Highway Patrol Plan**

Ms. Knudsen presented updated information to the Board relating to the IRS request for a determination on the Highway Patrolmen's Retirement System. Staff will continue to work with Segal and Mr. Webb on this issue.

## **GROUP INSURANCE**

### **Quarterly Executive Summary/Tobacco Report**

Ms. Onalee Sellheim with BCBS reviewed with the Board the Tobacco Cessation Program Outcome report. She reviewed information relating to demographics, claims and program expenditures. The Board had questions of Ms. Sellheim.

Ms. Jodi Crouse, Ms. Onalee Sellheim and Mr. Michael Carlson with BCBS presented a quarterly executive summary to the Board. Information included a financial/trend analysis;

health utilization summary for actives, early retirees, and Medicare retirees; claims and inquiry timeliness, wellness programs, and opportunities and activities.

### **Health Reform**

Mr. Collins presented an update including a legislative report he presented to the Industry, Business and Labor Committee. The retiree subsidy which has been submitted to HHS with no further information received as of this date. As part of the health care reform, there is a new program called the Community Assistance Services and Supports (CLASS) Act. This program is designed to expand long term care services and support options for people who become functionally disabled. Each employer can determine if they want to participate in the program or not. Mr. Webb has reviewed and determined that PERS does not have the authority/responsibility to determine whether the State should participate in this federal program. Mr. Collins stated that as PERS moves forward with the long term care RFP, vendors will want to know whether the state is participating in this program, so he suggested that we wait to issue an RFP to allow time for the Governor and Legislature to determine if the state will participate or not. The Board concurred that PERS should defer the long term care RFP until there is a decision by the state on the CLASS Act.

### **Wellness Program**

Ms. Allen reported that a Retiree Wellness Fair is scheduled for October 7, at Bismarck State College. The fair will feature various speakers promoting health and wellness topics, screenings and vendors. Since this is a pilot program, the retirees from Burleigh and Morton counties are being invited. The Board had questions that were responded to by staff.

### **Wellness Program Logo**

Ms. Allen presented the Board with four wellness program logos developed by BCBS and reviewed with the coordinators. Logo #4 "Building Healthy Members" received the most votes from the wellness coordinators.

**MR. SANDAL MOVED THE USE OF LOGO #4 WITH THE TAGLINE "BUILDING HEALTHY MEMBERS" AS THE WELLNESS PROGRAM LOGO. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**MOTION PASSED**

## **PERSLink**

### **Project Update**

Ms. Schiermeister presented an update to the Board regarding the PERSLink business system replacement project. The project remains on schedule and on budget with a go live date scheduled for October 4, 2010. Ms. Schiermeister reported that there have been no major issues found during parallel testing. She reviewed with the Board the components of Employer Self Service. There were over 450 employers that have registered for training. Sessions have been held in Minot, Dickinson, and Bismarck. In the coming weeks, there will be training in Grand Forks, Fargo, and Valley City. Staff training will occur September 13 through 29. There will be a period of time during the deployment phase that processing of incoming documents will be on hold (September 28-October 4). Staff is making every effort to keep their workload up to date as the expectation is that productivity will drop initially. Staff continues to be satisfied with the vendor and quality of product being delivered. The Board had questions of Ms. Schiermeister that were responded to.

### **LR Wechsler Contract**

Mr. Collins indicated to the Board that the contract with our project oversight consultant LR Wechsler will expire September 30. When we go live with our new PERSLink system in October, it would be beneficial for PERS to maintain their expertise through December. He reported if we extend this contract through December, it will continue to be under budget. The Board had questions of staff relating to this issue.

**MS. SMITH MOVED TO APPROVE EXTENDING THE CONTRACT WITH LR WECHSLER THROUGH DECEMBER 31, 2010. THE MOTION WAS SECONDED BY MR. ERDMANN.**

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

**Nays:** None

## **MOTION PASSED**

### **Performance Bond**

Mr. Collins reported to the Board that the Sagitec performance bond expires September 30, 2010. If PERS were not to require the extension to the performance bond through November, Sagitec would be willing to either delay the timing of the 60-day holdback release from January 2011 to March 2011, or they would be willing to provide an additional 200-400 hours to the project. The contract with Sagitec does include a one year warranty. The Board discussed this issue and had questions of staff. The Board requested additional information before a final decision is made. PERS staff will provide information to the Board at their September 8 meeting.

### **MISCELLANEOUS**

Mr. Collins included the updated 2011 legislative matrix in the Board books for information. Bill 10103.0100 had been added since the last Employee Benefits Committee meeting as well as an update on Bill 10080. These bills have been referred to Deloitte or Segal for technical and actuarial valuation.

### **Board Meeting Schedule**

Mr. Collins updated the Board on the meeting schedule for the remainder of 2010.

### **Audit Committee Minutes**

The approved February 17, and March 12, 2010 PERS Audit Committee minutes were shared with the Board.

### **FLEX COMP**

#### **Appeal 2010-001F**

Ms. Allen presented detailed information to the Board relating to a participant appealing the denial of payment from the 2009 medical spending account to cover expenses incurred during the 2009 plan year. The Board discussed this flex comp appeal case.

**MR. TRENBEATH MOVED TO ACCEPT THE PARTICIPANT'S REQUEST TO PROCESS AND REIMBURSE THE CLAIM SUBMITTED FROM THE REMAINING 2009 MEDICAL SPENDING ACCOUNT BALANCE. THE MOTION WAS SECONDED BY MR. SAGE.**

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

**Nays:** None

**MOTION PASSED**

### **Health and Vision Bids**

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

### **EXECUTIVE SESSION**

**MR. TRENBEATH MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO NDCC §44-04-19.1(9) TO DISCUSS STRATEGY ON THE HEALTH BID WITH DELOITTE AND THE VISION BID WITH GABRIEL ROEDER SMITH. 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 10:25 a.m.

Chairman Strinden directed the Board to return to open session. The Executive Session closed at 11:40 a.m. and the Board returned to open session.

**MR. TRENBEATH MOVED TO ACCEPT FOR REVIEW THE AVESIS PROPOSAL ON THE VISION BID AND TO INVITE ALL THREE VISION BID PROPOSERS TO COME BEFORE THE BOARD FOR AN INTERVIEW AND BEST AND FINAL OFFER ON SEPTEMBER 8, 2010. THE MOTION WAS SECONDED BY MR. SAGE.**

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

**Nays:** None

### **MOTION PASSED**

Ms. Smith reviewed with the Board a follow-up memo she received from an individual. The first email was shared at the last meeting and related to the Board's decision not to approve the change in dependent coverage in the health insurance plan until the federally mandated date of July 1, 2011. The Board discussed this issue and the Board's decision based on the cost implications of adding this benefit or any other new benefits. No further action was taken on this issue.

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:55 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the Board