

MINUTES

North Dakota Public Employees Retirement System

Thursday, February 15, 2007
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. Rosey Sand
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Video Conference: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, Executive Director, NDPERS
Ms. Cheryl Stockert, NDPERS
Ms. Deb Knudsen, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Sharmain Dschaak, NDPERS
Ms. Sharon Schiermeister, NDPERS
Mr. Ron Gilliam, NDPERS
Mr. Aaron Webb, Attorney General's Office
Mr. Larry Brooks, BCBSND
Mr. Brad Bartle, BCBSND
Ms. Gisele Thorson, NDPEA, AFT
Mr. Weldee Baetsch
Ms. Sheila Marquart, Job Service ND
Ms. Mary Schwab, Job Service ND
Ms. Sherry Neas, State Procurement Office
Mr. Mark Hardy, ND Pharmacists Association

Via Video Conference Mr. Gary Dauenhauer, BCBSND
Mr. Don Schott, BCBSND
Mr. Steve Webster, BCBSND

Chairman Jon Strinden called the meeting to order at 8:35 a.m.

MINUTES

Chairman Strinden called for any comments or corrections to the January 18, 2007 meeting minutes. Mr. Trenbeath stated there was a discrepancy in the minutes relating to the times the executive sessions convened. The minutes will be corrected and presented to the Board for approval at the next meeting.

Chairman Strinden called for any comments or corrections to the February 1, 2007 Board meeting minutes.

THERE WERE NONE, MR. SAGE MOVED APPROVAL OF THE FEBRUARY 1, 2007 BOARD MEETING MINUTES. MS. SMITH SECONDED THE MOTION. THE MINUTES WERE APPROVED.

GROUP INSURANCE

BCBS RATE REPROJECTION

Mr. Brooks and Mr. Bartle of BCBS reviewed the rate rejections with the Board. Mr. Bartle explained that they re-rated for the 2007-2009 biennium using updated experience, as provided for in the agreement with PERS. Using the updated experience, there was an increase of approximately 1.5% higher than the originally calculated 18.0%. BCBS will not offer a reduction in rates from those originally offered in August. Mr. Bartle stated that upon review of the Health Dialog fees for the 2007-2009 biennium, the rates have been revised from \$3.30 to \$3.14 and from \$4.08 to \$3.88 which means PERS gains \$.20. Mr. Collins indicated we will be encouraging all members to go out on the Health Dialog web site and complete a health risk appraisal with a chance of winning an iPod (given by BCBS).

PLAN DESIGN AND BENEFITS

The Board discussed what additional benefit could be offered to members at a cost of approximately \$.20 per contract.

MS. SMITH MOVED TO ADD TO THE PLAN A FULLY PAID IMMUNIZATION BENEFIT FOR CHILDREN UP TO AGE 18 FOR CDC APPROVED IMMUNIZATIONS AT A COST OF \$.19 PER CONTRACT. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

MOTION PASSED

Mr. Collins stated that he will report to the Legislature that an additional \$.20 per contract has been added to the plan design to include the fully paid immunizations for children up to age 18.

EPO REPORT/UPDATE

Mr. Don Schott and Mr. Steve Webster, BCBSND, presented NDPERS Exclusive Provider Organization (EPO) performance to the Board. Mr. Webster provided an update on the EPO activity to date. Out of the six EPO providers, he stated they have received four tentative responses and two that have not responded regarding participation for the 2007-2009 biennium. Two of the networks have serious reservations about continued participation in the EPO product. If these two networks elect not to participate, that would represent approximately 46% of the population that is currently being served. Mr. Collins requested BCBS obtain the information as to who will participate by early March so this information can be shared with the Legislature. He also requested BCBS provide PERS with a formal actuarial analysis to determine if there are cost implications. Staff will work with BCBS to evaluate the approaches and present this information at the March Board meeting.

BCBS 2006 CLAIMS REVIEW

Mr. Reinhardt reported a review was conducted of BCBS claims in late January of claims incurred during 2006. The conclusion reached is that many of the claims reviewed were isolated incidents and resulted in no plan payment because the amounts went towards the member's deductible and/or coinsurance. BCBS appears to have the plan design changes in place and applied properly.

SURPLUS/AFFORDABILITY UPDATE

Mr. Reinhardt presented the surplus/affordability update for December and reviewed the estimated surplus projection figures with the Board.

2007 FLEXCOMP ENROLLMENT UPDATE

Mr. Reinhardt presented 2007 flexcomp plan annual enrollment information to the Board. Dependent care account participation for 2007 is 4 more than 2006 and in medical spending accounts is 63 less than 2006. Mr. Collins added that this year there is a grace period which allows participants to file claims for 2006 through March 31, 2007. The required PeopleSoft software upgrade is in the process of being updated resulting in unpaid claims.

RETIREMENT

JOB SERVICE

Ms. Dschaak presented a proposed processing change relating to the Job Service retirement plan application for benefits, specifically retirement benefits and establishing a termination of employment policy. The intent of this proposal is to adopt procedures to insure that the Job Service retirement plan is administered in the same manner as other NDPERS retirement plans.

MR. TRENBEATH MOVED TO ACCEPT STAFF RECOMMENDATION TO ADOPT THE PROPOSED PROCEDURES WHICH WILL BE EFFECTIVE MARCH 1, 2007 TO ENSURE THAT THE JOB SERVICE RETIREMENT PLAN IS ADMINISTERED IN THE SAME MANNER AS OTHER NDPERS RETIREMENT PLANS. THE MOTION WAS SECONDED BY MS. SAND.

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

Nays: None

MOTION PASSED

MISCELLANEOUS

EMPLOYEE ASSISTANCE PROGRAM

Mr. Reinhardt stated that PERS will submit a request for proposal for the employee assistance program (EAP) for the 2007-2009 biennium next month for the new contract period beginning July 1, 2007. Staff is requesting concurrence to move forward with the request for proposal.

MR. LEINGANG MOVED TO APPROVE THE REQUEST FOR PROPOSAL ENROLLMENT IN THE STATE OF NORTH DAKOTA'S EMPLOYEE ASSISTANCE PROGRAM. THE MOTION WAS SECONDED BY MS. EHRHARDT.

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

Nays: None

MOTION PASSED

LEGISLATIVE UPDATE

Mr. Collins stated that an update is provided for your information. All bills are moving forward, starting in the Senate and will cross over to the House. Chairman Strinden thanked Mr. Collins for doing an excellent job in presenting the Board's position and wished him success after crossover.

LASR UPDATE

Mr. Collins stated staff would need Board concurrence relating to the mainframe migration, Sagitec proposal, quality assurance/project management, and the appropriations process. Regarding the mainframe migration, Mr. Collins indicated that ITD is behind schedule in migrating our business system from the mainframe to servers. PERS staff recommends we move our project start date from June 1 to October 1 in order to provide additional time for the migration, if needed, to allow time to train new staff, and to avoid the busy time of the year during August-September.

MS. SAND MOVED TO CHANGE THE START DATE OF THE LASR PROJECT FROM JUNE 1, TO OCTOBER 1, 2007. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Mr. Collins continued to report that when we bid over a year ago to obtain our current consultant, L. R. Wechsler, we included an optional Phase 4 to retain the consultant to do project management and quality assurance for an additional three years. Staff is satisfied with L. R. Wechsler and is recommending PERS obtain a updated proposal from them to do project management.

MS. EHRHARDT MOVED TO RECOMMEND L. R. WECHSLER FOR PHASE 4 AND TO OBTAIN A PROPOSAL. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Mr. Collins indicated to the Board that because PERS is still in the procurement phase that the issue relating to the Sagitec Proposal is confidential and the Board may want to go into executive session to discuss this procurement.

MS. SMITH MOVED TO PROCEED INTO EXECUTIVE SESSION TO DISCUSS STRATEGY RELATING TO THIS PROCUREMENT. THE MOTION WAS SECONDED BY MR. LEINGANG.

MOTION PASSED

The Board proceeded into executive session at 10:00 a.m.

MS. SAND MOVED TO RETURN TO OPEN SESSION. THE MOTION WAS SECONDED BY MR. SAGE.

MOTION PASSED

Executive session closed at 10:15 a.m. The public was invited back into the Board meeting.

MS. SAND MOVED TO SEEK ADDITIONAL APPROPRIATION AUTHORITY IN THE AMOUNT OF \$694,000 TO COVER THE BUSINESS SYSTEM REPLACEMENT PROJECT EFFORT. THE MOTION WAS SECONDED BY MS. SMITH.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Mr. Collins stated that the PERS appropriations bill has passed through the Senate. Our ability to move forward with the business system replacement project is contingent on PERS receiving approval to backfill 4 FTE's. One issue relates to the possibility of PERS having to go out to bid again having to possibly ask for additional contingency funding. Currently \$7.9 million is budgeted with a 10% contingency in the amount of \$700,000.

MS. SAND MOVED TO ASK FOR LEGISLATIVE AUTHORITY TO GO TO THE EMERGENCY COMMISSION TO INCREASE PERS SPENDING AUTHORITY FOR THE BUSINESS SYSTEM REPLACEMENT PROJECT OR ASK THEM TO APPROPRIATE ADDITIONAL CONTINGENCY FUNDS FOR THE BUSINESS SYSTEM. THE MOTION WAS SECONDED BY MR. SAGE.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

Mr. Sage requested to attend the Stars and Stripes Conference in April.

MR. LEINGANG MOVED TO APPROVE MR. SAGE'S ATTENDANCE AT THE STARS AND STRIPES CONFERENCE IN APRIL. MS. SMITH SECONDED THE MOTION.

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

Nays: None

Absent: Mr. Trenbeath

MOTION PASSED

BOARD MEMBER REQUESTS

Mr. Smith requested that PERS inform members that effective July 1, 2007 immunizations for children up to age 18 will be covered at 100% in the new plan. She also requested that members were informed that the HPV vaccine was only paid for children up to the age of 19. Mr. Sage requested PERS inform members that, even though the flex comp claims are delayed because of the PeopleSoft software issue, that members can still submit claims.

The meeting adjourned at 10:40 a.m.

Prepared by,

Cheryl Stockert
Secretary to the NDPERS Board