

# MINUTES

## North Dakota Public Employees Retirement System

Thursday, July 20, 2006  
ND Association of Counties, Bismarck  
BCBS, 4510 13<sup>th</sup> 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  
Mr. Sparb Collins, Executive Director, NDPERS

Others Present: Ms. Cheryl Stockert, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Tammy Becker, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Jamie Kinsella, NDPERS  
Mr. Leon Heick, NDPERS  
Ms. Cheryle Masset-Martz, NDPERS  
Mr. Scott Miller, Attorney General's Office  
Ms. Patricia Hill, ND Pharmacists Association  
Mr. David Peske, ND Medical Association  
Ms. Jodee Buhr, NDPEA  
Mr. Bill Kalanek, AFPE  
Ms. Bethany Pfister, PrimeTherapeutics, BCBS  
Mr. Weldee Baetsch

Via Video Conference: Ms. Kamie Kuenemann, BCBSND  
Mr. Mark Tschider, BCBSND

Chairman Jon Strinden called the meeting to order at 8:40 a.m.

### MINUTES

Chairman Strinden called for any comments or corrections to the June 29, 2006 Board meeting minutes.

**THERE BEING NONE, MS. EHRHARDT MOVED APPROVAL OF THE JUNE 29, 2006 BOARD MEETING MINUTES. MS. SAND SECONDED THE MOTION. THE MINUTES WERE APPROVED.**

## **GROUP INSURANCE**

### **Clinical Pharmacy Update**

Mr. Collins stated this will be the last of our educational programs relating to the health insurance program. Ms. Kamie Kueneman introduced Ms. Bethany Pfister, PharmD with PrimeTherapeutics, BCBSND, who presented the NDPERS clinical pharmacy update. Information presented related to significant drug classes, generic opportunities, academic detailing, and other clinical initiatives (provider focused, member focused, prior approval). A copy of this presentation is on file at PERS.

### **Dental/Long Term Care Insurance Update**

Mr. Collins reported eight dental plan proposals were received; no long term care proposals were received. Gallagher Benefit Services is reviewing the proposals and will report to the Board at the August 17 meeting with interviews scheduled at a special Board meeting set for August 29.

### **Dental Self Funding**

Mr. Collins introduced Mr. Bill Robinson from Gallagher Benefit Services who provided the Board an overview of self-funding dental plans. This background was provided since one of the options in the dental RFP is to self-fund the program. Mr. Robinson reported that currently NDPERS does not self-fund dental and vision voluntary insurance plans. Dental and vision are two voluntary plans that can be considered for self-funding under certain circumstances. There must be a significant number of people and number of years of experience for actuaries to track trends. In both cases, PERS has 4000 covered employees and detailed claim experience for the past three years. There is no reason for NDPERS not to consider self-funding its voluntary dental plan; it has sufficient size and years of experience to permit underwriting of the plan. Mr. Robinson stated that Gallagher Benefit Services will analyze and evaluate the insured and self-funded proposals, showing total biennium costs using the carriers' own expected claims projections when they evaluate the proposals in response to the recent RFP.

## **MISCELLANEOUS**

### **PERS 2007-09 Budget**

Ms. Schiermeister presented the proposed 2007-2009 budget to the Board. This budget was developed consistent with the Governor's directive to submit budgets at the same

funding level as the current biennium, with the addition of the cost to continue the fiscal year 2007 4% salary increase. Two optional funding packages were proposed which include a salary equity package for staff and the Legacy Application System Replacement (LASR) project. What is contained in the LASR budget is an increase of 4 FTE's which includes two accounting staff as well as two administrative staff in the benefits division to backfill current positions that will be dedicated to the LASR project. It was noted that two of the staff may need to be retained after the project. Additional space in the Wells Fargo building was also included to accommodate this project.

**MS. SMITH MOVED TO APPROVE THE BASE BUDGET. THE MOTION WAS SECONDED BY SANDI TABOR.**

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

**Nays:** None

**PASSED**

**MS. TABOR MOVED TO APPROVE THE OPTIONAL FUNDING REQUESTS. THE MOTION WAS SECONDED BY MS. SMITH.**

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

**Nays:** None

**PASSED**

**Business System Replacement Update (LASR)**

Mr. Collins reported that as noted in the LASR feasibility report and documented in the proposed budget, the cost of the project is approximately \$9.6 million. OMB and ITD have recommended that we include the full amount in our 2007-2009 biennium budget and carryover the remaining authorization to 2009-2011 to complete the project in the third year. As noted, PERS will need four FTE's during the project, retaining two FTE's in the finance area after the project is completed. To fund this project, staff is recommending that retirement, retiree health credit and Job Service be paid from assets of each trust. Additionally, group insurance will be paid from health and life insurance surplus; flexcomp will be paid from FICA tax savings; and defined contribution will be paid from the forfeiture account. Staff recommends that deferred compensation be paid from the retirement plan and insurance plan on a 50/50 split as allowed by statute.

**MS. SAND MOVED TO ADOPT STAFF RECOMMENDATION ALTERNATIVE #3 TO ALLOCATE THE DEFERRED COMPENSATION RESOURCE AS WELL AS THE STAFF RECOMMENDATION FOR FUNDING THE LASR PROJECT. THE MOTION WAS SECONDED BY MS. TABOR.**

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

**Nays:** Mr. Sage

**PASSED**

**Miscellaneous**

Mr. Collins reported that we have received only 12 conference registrations for the Retiree Conference, and in order to hold the conference we will need 100 registrants by July 23. If PERS does not receive 100, the conference will be cancelled. Mr. Scott Miller, Assistant Attorney General, stated this will be his last PERS Board meeting. He has taken a position with the Montana Public Retirement Administration. Chairman Strinden commended Mr. Miller on a job well done and thanked him for his service to NDPERS staff and the Board.

**Hardship Appeal**

Ms. Allen stated the individual that filed the appeal was in attendance. The Board went into executive session. No questions were asked of the individual. The Board went into open session. Ms. Allen stated that the hardship request was initially denied because of inadequate documentation. The individual has presented additional documentation to support the hardship appeal.

**MS. TABOR MOVED TO APPROVE THE REQUEST FOR THE HARDSHIP APPEAL.  
MR. LEINGANG SECONDED THE MOTION.**

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

**Nays:** None

**PASSED**

The meeting adjourned at 10:30 a.m.

Prepared by,

Cheryl Stockert  
Secretary to the NDPERS Board